Table of Contents

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FINAL REPORT

MULTIPLE PROGRAM PARTICIPATION AMONG FOOD STAMP RECIPIENTS

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Table of Contents

FNS PAPER SERIES ON MULTIPLE PROGRAM PARTICIPATION

This is one in a series of working papers commissioned by the Office of Analysis and Evaluation of the United States Department of Agriculture's Food and Nutrition Service to review the participation of the U.S. low-income population in multiple cash and in-kind assistance programs. This series consists of: (1) a reference handbook that summarizes regulations governing nutrition assistance programs and major other programs and also provides program data on participation and benefits; (2) a basic primer that shows how the interaction and sequencing of assistance programs affect the benefits provided by those programs both individually and cumulatively; (3) reports on empirical analyses of participation by individuals and households in multiple assistance programs, based upon several cross-sectional and longitudinal data bases. These papers reflect preparatory work for the analysis of data from the Survey of Income and Program Participation, as well as original empirical analyses of SIPP data.

CONTENTS

Table of Contents

LIST OF TABLES

Table of Contents

EXECUTIVE SUMMARY

Overview

The income maintenance role in the United States' social welfare system is performed by multiple programs that fall into two major groups: (1) need-tested programs that are targeted, by and large, on particular demographic groups and/or respond to specific needs; and (2) social insurance programs for which eligibility depends on prior contributions and/or work history, with benefits typically related to prior earnings. No program or program combination is designed explicitly to remove people from poverty. Even so, it is of obvious policy interest to identify how effectively the system as a whole, and its major parts, perform that function.

In an important sense, the Food Stamp Program as currently designed and operated can be considered the cornerstone of the income maintenance system. Eligibility for food stamps does not depend on particular demographic characteristics or family configurations. And the need it is designed to meet--food consumption--is universal. Thus, the Food Stamp Program is the nearest thing we have to a guaranteed income floor.

From this perspective, how well the income maintenance system meets the needs of the low-income population and the extent to which it fills the poverty gap depends on whether and how the low-income population is able to combine food stamps with benefits from the other programs in the overall income maintenance system. Another report in this series--"The Interaction and Sequencing of Assistance Programs: A Study of Six Hypothetical Households" (Fraker, 1988), examines the set of programs and program benefits that are potentially available to different types of households in need. The report at hand uses data on actual program participation from the Survey of Income and Program Participation (SIPP) to address the poverty-reducing effectiveness of the income maintenance system by providing new information on:

- The pattern of multiple benefit receipt by different segments of (1) the food stamp recipient population and (2) the low-income population as a whole[1]; and
- The number and types of benefits received and what they imply for the poverty reducing potential of the income maintenance system for different groups.

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[1]In this study, the low-income population roughly corresponds to the target population of the Food Stamp Program--households with total monthly income less than 130 percent of the monthly poverty threshold.

The general conclusion is that the system is working as it was designed to do. Households that meet the benefit eligibility criteria of several programs and receive multiple benefits, start out poorer on average than the low-income population as a whole. When all benefits are included in income, however, these multiple-benefit households end up better off on average than the general low-income population after transfers.

Food stamp recipient households typically receive multiple benefits, which together come close to filling the poverty gap for this population. For the general low-income population this is true to a lesser extent, primarily because the demographic groups that have no 'protected' status (i.e., no program targeted specifically on them)--notably poor intact families with children in many states--are less likely to receive single- or multiple-program benefits, even if they are very poor.

Specific Findings

- **Multiple program participation is much more frequent among food stamp recipient households than among the general low-income population.**

Of the food stamp recipient households, 95 percent also receive benefits from at least one of the 16 other programs included in the analysis. For the low-income households generally, only 57 percent received benefits from more than one program, and 27 percent participated in no benefit program at all.

- **Non-food stamp nutrition programs were among the most frequently used benefit programs for both the food stamp recipient households and the general low-income population.**

After food stamps, the benefit programs most frequently used by food stamp households are Medicaid (69 percent), non-food stamp nutrition programs (69 percent), and AFDC (38 percent). The most frequently used benefit programs for the general low income households are non-food stamp nutrition programs (37 percent), followed by OASDI (32 percent). Use of Medicare, food stamps, and Medicaid by the general low-income population was about equal for each of the three programs (28-29 percent).

- **The three multiple benefit combinations most frequently used by food stamp recipient households all include AFDC and Medicaid.**

AFDC plus non-food stamp nutrition programs, Medicaid, and energy and housing assistance (14 percent); AFDC plus non-food stamp nutrition programs and Medicaid (11 percent); AFDC plus Medicaid (8 percent); are the most frequent combinations of programs used by food stamp recipient households. Only 5 percent of food stamp recipient households receive only food stamps.

- **Food stamp recipient households of different types vary in their receipt of multiple benefits.**

Multiple benefit receipt is most prevalent among single-parent female-headed households with children under 18. Of such households, 71 percent receive multiple program benefits (predominantly AFDC and Medicaid) compared with 65 percent for two-parent households with children (predominantly other nutrition programs), 45 percent for elderly households (predominantly OASDI and Medicare), and 23 percent for households with disabled members (predominantly AFDC, other nutrition programs, and Medicaid).

- **Multiple benefit receipt by food stamp recipient households is very effective in reducing the poverty gap for those households.**

Of the food stamp recipient households, 85 percent have more than three-quarters of the poverty gap closed by the multiple benefits they receive. Receipt of food stamps alone reduces the poverty gap by 34 percent; receipt of food stamps and two other programs by 78 percent; receipt of food stamps and three to four other programs by over 80 percent; and receipt of food stamps and five or more other programs by over 90 percent.

- **The extent to which the needs of different types of households are met by the available assistance programs varies substantially.**

Food stamp recipient households with elderly members and those with disabled members are more likely to be moved above the poverty threshold after all transfers are counted than are either single-parent female-headed households or two-parent households. Conversely, two-parent households with dependent children, although better off than other types of food stamps households prior to benefit receipt, are more likely than any other food-stamp recipient households to remain very poor (below 50 percent of the poverty line) after all transfers are counted.

Table of Contents

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Table of Contents

MULTIPLE PROGRAM PARTICIPATION AMONG FOOD STAMP RECIPIENTS

The income maintenance system in the United States is composed of many separate programs with different target groups and different program goals. A household may qualify for and receive benefits under several different programs at the same time: for example, programs that provide cash assistance, food, shelter, and medical care on a need-tested basis, as well as those that provide social insurance on the basis of prior contributions and/or work history. No program or program combination is designed explicitly to remove people from poverty. However, it is of obvious policy interest to identify how effectively the system performs that function.

The Food Stamp Program (FSP) as currently designed and operated is the nearest thing we have to a guaranteed income floor. Eligibility for food stamps does not depend on particular demographic characteristics or family configurations. And the need it is designed to meet--food consumption--is universal. From this perspective, it can be considered the cornerstone of the income maintenance system. How effectively the low-income population is able to combine food stamps with benefits from the other programs in this system provides a measure of the effectiveness of the system in fulfilling its income maintenance function.

This report provides substantial insight into that issue by addressing four questions:[1]

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[1]Two additional issues are addressed in appendices to this report. The extent of variation in multiple program participation for selected subgroups of food stamp recipients is examined in Appendix F. Appendix G considers the historical pattern of multiple program participation.

1. How often do food stamp recipients participate in other assistance programs compared with participation patterns of the general low-income population?

2. Do the food stamp recipients who participate in more than one program choose a few common sets of programs, or many different sets of programs?

3. How does the value of the food stamp recipient's benefit package vary across different combinations of programs and different household types?

4. What is the impact of the benefit package on the food stamp recipient's total income (including program benefits)? Is that income adequate for meeting the needs of different types of households?

The report consists of five sections. Section A provides a brief overview of the policy context and previous research on multiple program participation. Section B discusses the data used, the programs considered, and the unit of observation for the analysis. Section C presents an analysis of the extent and composition of multiple program participation by food stamp recipients (Questions 1 and 2). The final section examines food stamp recipient benefit packages and incomes, and their adequacy in meeting recipient needs (Questions 3 and 4).

A. POLICY CONTEXT AND PREVIOUS RESEARCH

1. Policy Context

The major programs that make up the income maintenance system in the United States today are shown in Table 1. As can be seen they fall into two major groups: (1) social insurance benefits whose eligibility and benefit levels (except Medicare) depend on prior contributions and/or work history, and (2) need-tested programs targeted, by and large, at particular

Table of Contents

TABLE 1

PROGRAMS INCLUDED IN THE ANALYSIS AND ADMINISTRATIVE ESTIMATES OF PROGRAM SIZE, FY 1986

Program	Acronym	Federal Expenditures (Millions)	State-Local Expenditures (Millions)	Average Monthly Number of Participants (Thousands)
Social Insurance Programs				
Cash Benefits:				
Old Age, Survivors, and Disability Insurance	OASDI	$199,800	$ 0	37,273[c]
Unemployment Insurance	UI	18,600	N.A.	2,713[d]
Workers' Compensation[a]		2,734[e]	N.A.	N.A.
Veterans' Compensation/Pensions[b]		14,264	0	3,900[f]
Railroad Retirement		6,340	0	941
In-Kind Benefits:				
Medicare		75,900	0	30,772[g]
Need-Tested Programs				
Cash Benefits:				
Aid to Families with Dependent Children	AFDC	9,536	8,221	10,995
Supplemental Security Income	SSI	10,307	2,514	4,449
General Assistance	GA	0	2,605	1,332[h]
In-Kind Benefits:				
Food Stamp Program	FSP	12,528[i]	938[j]	20,900[k]
Special Supplemental Food Program for Women, Infants and Children	WIC	1,579	N.A.	3,318
National School Lunch Program	NSLP	2,669	N.A.	11,600[l]
School Breakfast Program	SBP	403	N.A.	3,100[l]
Medicaid		24,995	19,730	22,592[m]
Lower-Income Housing Assistance (Subsidized Housing)		7,430	N.A.	2,143[n]
Low-Rent Public Housing		2,882	N.A.	1,380[n]
Low-Income Home Energy Assistance Program	LIHEAP	1,905	44[j]	6,700[o]
Total		$391,872	$34,052[p]	

SOURCES: U.S. House of Representatives (1987a)--OASDI, UI, and Medicare; Burke (1987)--AFDC, SSI, GA, FSP, WIC, NSLP, SBP, Medicaid, Section 8 Housing, Low-Rent Public Housing, and LIHEAP; Congressional Research Service (unpublished statistics)--Workers' Compensation, Veterans' Compensation and Pensions, and Railroad Retirement.

NOTES: SIPP does not include information on SBP participants who paid full-price for their meals. Expenditures include administrative costs.

[a] Includes federal employees compensation and the Black Lung Benefit Program.
[b] Includes such programs as Pensions for Needy Veterans, Their Dependents, and Survivors; Veterans' Compensation for Service-Connected Disability; and Veterans' Dependency and Indemnity Compensation.
[c] Number enrolled at mid-point of fiscal year.
[d] Average weekly number.
[e] Total federal, state, and local expenditures.
[f] Number of participants at end of fiscal year.
[g] Persons covered under program.
[h] Number of cases.
[i] Includes funding for Puerto Rico's nutritional assistance block grant.
[j] Administrative costs.
[k] Includes persons in Puerto Rico who receive cash nutritional aid.
[l] Estimated school year daily average.
[m] Unduplicated annual number of participants.
[n] Household units eligible for payments at end of year.
[o] Households served during year.
[p] Includes only those programs for which data were available.

N.A. = Data are not available.

Table of Contents

Medicaid were by far the largest, with a combined expenditure of about $78 billion in FY 1984.

Over the past 20 years, expenditures on need-tested benefits have expanded considerably, with much of that expansion in the form of non-cash transfers--food, housing, medical care, and energy assistance. The high concentration of in-kind benefits in the composition of the benefits provided by the need-tested programs can be seen in Table 1. Expenditures on need-tested in-kind assistance comprise 70 percent of the need-tested expenditures listed in the table.

The proposals evolving from the current welfare reform debate stress the need for transfer-program recipients to work. The findings on multiple benefit receipt presented here are relevant to that debate since, for any reform to be effective in increasing the work effort of the population in need, members of low-income families must be able to earn enough to make them better off than they are currently after all cash and in-kind transfers--as well as the uncompensated expenses of working--have been taken into account. With multiple benefit receipt fairly common among households that participate in assistance programs, total program benefits can provide substantial income to program participant households. In developing proposals for welfare reform, the relationship between income from program benefits and earned income need to be structured so as to provide incentives for program participants to search for and keep employment.

2. Previous Research

All research on multiple program participation indicates a substantial amount of multiple benefit receipts. However, it was not until

the advent of data on program participation for large samples on a monthly basis that it was possible to estimate the incidence and implications of multiple program participation with any degree of confidence. The earliest work on multiple program participation was hampered by such problems as nonrepresentative samples (e.g., Storey, Cox, and Townsend, 1973), the availability of information only on a limited number of assistance programs (e.g., MacDonald, 1977), and the use of annual reference periods (e.g., Rein and Rainwater, 1978; Coe, 1981). The limitations imposed by the first two are obvious. The third, an annual reference period, also weakens estimates of multiple program participation because it does not allow reliable distinctions to be drawn between simultaneous program participation and program participation that occurs at different times over the course of the year. Since eligibility for most programs is determined on a monthly basis, the set of programs in which an individual participates in a given month may be quite different from the set of programs in which he/she had participated in a previous month. Consequently, measures of multiple program participation based on yearly participation patterns tend to overstate the level of multiple program participation in any single month.

The 1979 Income Survey Development Program (ISDP) Research Panel--the data base used in more recent work (MacDonald, 1983, 1984, 1985; and Weinberg, 1985)--is a significant improvement over the early data sources.[3] Research based on the ISDP has shown that multiple program participation is fairly common among households that participate in assistance

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[3]The ISDP is a nationally representative sample of households which provides monthly information on the program participation and benefit amounts of individuals and households for a wide range of assistance programs.

programs generally and is the norm for households that include food stamp recipients. For example, MacDonald (1983) found that, during a three-month period in the spring of 1979, about 35 percent (28 million) of all households received benefits from at least one of six major assistance programs--Aid to Families with Dependent Children (AFDC), the Food Stamp Program (FSP), Supplemental Security Income (SSI), Social Security (OASDI), Medicaid, and Unemployment Insurance (UI).[4] Of the households participating in any of the six programs, 23 percent reported participating in two or more assistance programs; however, of the households that participated specifically in the FSP, 84 percent reported participating in multiple programs. Using a somewhat broader list of programs--AFDC, other cash welfare, FSP, SSI, OASDI, Medicaid, Medicare, housing assistance, UI, Veterans' Compensation, and Workers' Compensation--a single month of data (April 1979), and a different unit of observation (families and unrelated individuals), Weinberg (1985) found slightly higher levels of program participation (40 percent of all families and unrelated individuals) and substantially greater levels of multiple program participation. Seventy-two percent of all the families and unrelated individuals participating in at least one of the programs participated in multiple assistance programs during the same month.[5]

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[4]MacDonald (1983) bases his measure of multiple program participation on participation in a program at any time within a three-month period. To the extent that households changed the set of programs in which they participated over that three-month period, MacDonald's measure overstates the level of multiple program participation in a single month.

[5]The much greater level of multiple program participation found by Weinberg (1985) relative to Macdonald (1983) is primarily a reflection of the broader set of programs considered by Weinberg. In particular, by including Medicare in the set of programs considered, multiple program participation was increased by at least 38 percentage points (reflecting the households that participated in OASDI and Medicare only).

Of the families and unrelated individuals participating in the FSP, 87 percent also participated in at least one other program.

The more recent information and larger sample size of the Survey of Income and Program Participation (SIPP) now provides the opportunity for greater precision in estimating multiple program participation.[6] Three studies of multiple program participation have been undertaken on the basis of the SIPP data recently released by the Census Bureau.[7] McMillen (1985) provides counts of individuals who received income from multiple sources (including government programs) and the extent of their concurrent participation in the OASDI, AFDC, and the FSP. Falk and Richardson (1985) focus upon the extent of multiple program participation and the impact of cash assistance programs on the level of poverty among families with children.[8] Among the five program categories considered--social insurance,[9] AFDC, Medicaid, the FSP, and other need-tested programs[10]--they find that

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[6]SIPP is the data collection effort that succeeded the ISDP test surveys. Like the ISDP, SIPP is a nationally representative sample of households for which detailed information on economic and household characteristics are collected on a monthly basis. The content and structure of SIPP is very similar to the 1979 ISDP test panel.

[7]A fourth SIPP-based study (Executive Office of the President, 1986) provides several examples of the extent and composition of multiple program participation as part of a larger evaluation of the existing social welfare system.

[8]Falk and Richardson (1985) also use data for a four-month period to analyze the duration of multiple program participation among families with children.

[9]This category includes OASDI, Workers' Compensation, UI, and Medicare.

[10]This category includes child nutrition programs, housing assistance, SSI, General Assistance, and energy assistance.

about one-half of all assistance program families with children received benefits from two or more programs from June to December 1983.

In the final study of multiple program participation based on SIPP, Weinberg (1986) replicates his earlier study based on the ISDP. Using data for April 1984, he found that the levels of program participation and multiple program participation were very similar to those found in April 1979. Approximately 39 percent of all families and unrelated individuals were participating in at least one assistance program in April 1984, and 76 percent of those families and unrelated individuals received benefits from two or more programs. Of the families and unrelated individuals who participated in the FSP, 84 percent participated in multiple assistance programs.

Although the existing body of SIPP-based research clearly demonstrates that multiple program participation is widespread among food stamp recipients, only limited information is generally available on the actual combinations of programs chosen by food stamp recipients. Extending the ISDP- and SIPP-based research, this report considers the degree of participation in a more complete set of assistance programs, and provides more detailed information on the composition of participation in multiple program combinations.

B. DATA AND METHODOLOGY

This section discusses several important aspects of the research methodology underlying the report: (1) the data, (2) the programs included, and (3) the unit of observation.

1. The Data

SIPP, with its detailed monthly information on economic and household characteristics, provides the most complete information presently available on multiple program participation.[11] This report is based on data drawn from the 1984 SIPP panel.[12]

SIPP is an ongoing survey administered to individuals in a nationally representative sample of households. The initial sample of households for each SIPP panel is divided into four groups of equal size (called rotation groups). One round (or wave) of the survey is administered to the rotation groups on a staggered basis over four successive months. Each wave obtains information on the household's economic well being for the four months preceding the interview. Because of the staggered interviewing schedule, the four-month reference period covered by the survey is also staggered for the rotation groups. Consequently, within each wave of SIPP, there is only one calendar month in which data are collected for all households in the sample. It is this common month that we use to examine multiple program participation, since it yields the largest sample size. In Wave 3 of the 1984 SIPP panel--the data on which this report is based--the common month is April 1984. The April 1984 extract

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[11]While SIPP does provide more detailed information on multiple program participation than has previously been available, it is important to recognize that SIPP consists of self-reported information obtained through household surveys. Thus, misreporting and nonreporting may make the information from the survey less accurate. U.S. Bureau of the Census (1985a) provides a brief overview of the extent to which both problems exist within the 1984 SIPP data.

[12]New samples of households (or panels) are introduced periodically. Each panel is followed for approximately 2-1/2 years.

contains information on a sample of 18,768 households weighted to reflect the U.S. population.

2. Programs Included in the Analysis

SIPP contains information on participation in the programs listed above in Table 1, all of which are included in this analysis. The major categories of programs excluded are education and training programs, housing loan programs, tax transfer programs,[13] and programs that provide social services. In general, the excluded programs are not expected to have an impact on the current income of low-income households and individuals.

Although most of this report focuses on multiple program participation based on all 17 programs, our analysis of the composition of the multiple program combinations requires that the set of programs be consolidated. Because very few households participate in some programs and program combinations, the sample sizes become too small to support more detailed analyses. Table 2 summarizes the consolidation of the 17 assistance programs into 9 program categories.[14] Appendix B discusses the process used to combine multiple programs into a single program category.

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[13]Although not included in our examination of the extent of multiple program participation, benefits from the Earned Income Tax Credit (EITC) program are simulated in our analysis of multiple program benefits.

[14]Although WIC, the NSLP, and the SBP are treated as a single program category for the detailed analysis of the multiple program combinations, Appendix E provides a separate analysis which examines multiple participation in the FSP, WIC, NSLP, and SBP.

Table of Contents

TABLE 2

CONSOLIDATED LIST OF PROGRAMS

Program	Acronym
Social Insurance Programs	
Cash Benefits:	
Old Age, Survivors, and Disability Insurance	OASDI
Other Social Insurance[a]	OSI
In-Kind Benefits:	
Medicare	CARE
Need-Tested Programs	
Cash Benefits:	
Aid to Families with Dependent Children and General Assistance	AFDC+
Supplemental Security Income	SSI
In-Kind Benefits:	
Food Stamp Program	FSP
Other Nutrition Assistance[b]	ONA
Medicaid	CAID
Energy and Housing Assistance[c]	EHA

[a]Includes Unemployment Insurance, Workers' Compensation, Veterans' Compensation/Pensions, and Railroad Retirement.

[b]Includes the Special Supplemental Food Program for Women, Infants, and Children, the National School Lunch Program, and the School Breakfast Program.

[c]Includes subsidized and public housing assistance and the Low-Income Home Energy Assistance Program.

3. Unit of Analysis

The definition of food stamp recipients used in this study--households with FSP participants--is based on the presence of any FSP participants within a household, defined on the basis of shared living quarters.[15] Thus, the unit of observation in this analysis is a more general definition of a household than is used under the FSP, which defines a household on the basis of shared responsibility for the purchase and preparation of food. Under the definition used in this study, multiple FSP assistance units may reside within a single household. In the April 1984 SIPP file, the 1,425 sample households containing FSP participants represent 1,497 FSP assistance units.

In examining multiple program participation by households which contain FSP participants, it would be useful also to have information on program participation by the entire FSP target population. Such information would serve as a benchmark for the primary analysis, since it would facilitate comparisons of the extent and composition of multiple program participation by households that actually participate in the FSP with those of all households eligible to participate in the FSP. Unfortunately, the cross-sectional data available from Wave 3 of SIPP, does not make it possible to replicate the net income screens and assets tests used to determine eligibility for benefits under the FSP. Thus, in the data file used, the FSP target population can only be approximated. In this analysis, the sample used to approximate the FSP-eligible population includes households

[15] Individuals who reside in group quarters are excluded from this analysis.

whose total monthly household incomes are less than 130 percent of the monthly poverty threshold, which is equivalent to the FSP gross income screen.[16] This subsample of households includes both FSP participant and nonparticipant households (and is referred to throughout as the low-income sample).

C. MULTIPLE PROGRAM PARTICIPATION

Our examination of multiple program participation by households with FSP participants (hereafter called FSP households) focuses on two questions:

1. How often do food stamp recipients participate in other assistance programs compared with participation patterns of the general low-income population?

2. Are there a few relatively typical sets of programs chosen for multiple participation, or do the combinations vary widely?

Key findings from this analysis of multiple program participation include the following.

- Multiple program participation was nearly universal for the FSP households, while the low-income households were frequently not participating in any of the assistance programs or participating in only a single program.

- FSP households tended to participate in larger numbers of programs relative to all low-income households and to low-income households participating in at least one program.

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[16]Under the FSP regulations, households with an elderly or disabled member need not satisfy the gross income screen in order to be eligible to participate in the FSP. Thus, the definition of low-income households used in this study does not include all FSP-eligible households or FSP-participating households with elderly or disabled members that have household incomes greater than 130 percent of the monthly poverty threshold.

- Although FSP households participated in a wide array of multiple program combinations, a substantial proportion of the households participated in a few comparatively common program combinations.

- The most common multiple program combinations of the FSP households reflect the sets of programs available to three important demographic subgroups of the FSP population--households with children, households with elderly members, and households with disabled members.

These findings are explored further in this section. Subsection 1 focuses on the extent of multiple program participation by FSP and low-income households. Subsection 2 examines the multiple program combinations of the FSP households.

1. Multiple Program Participation by FSP and Low-Income Households

Participation in multiple assistance programs was the norm for FSP households in April 1984. Ninety-five percent of the FSP households received benefits from the FSP and at least one of the other 16 assistance programs studied, as shown in Table 3. In contrast, multiple program participation by the low-income households was much less widespread. Only 73 percent of the low-income households participated in any assistance program and only 57 percent participated in two or more programs. Even among those low-income households that participated in at least one program, the frequency of multiple program participation was less than that among the FSP households. Of the program-participant low-income households, 79 percent participated in two or more programs, 16 percentage points below the comparable figure for the FSP households.

In addition, low-income households tended to participate in fewer numbers of programs than FSP households. While 66 percent of the FSP

TABLE 3

FREQUENCY OF MULTIPLE PROGRAM PARTICIPATION BY LOW-INCOME HOUSEHOLDS AND FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentages of households)

	Low-Income Households		
Program Combination	Total	Households in One or More Programs	FSP Households
No Programs	27.3		0
One or More Programs	72.7	100.0	100.0
One Program	(15.6)	(21.5)	(4.9)
Two or More Programs	57.1	78.5	95.1
Two Programs	(20.6)	(28.3)	(10.4)
Three or More Programs	36.5	50.2	84.7
Three Programs	(12.5)	(17.2)	(19.2)
Four or More Programs	24.1	33.2	65.5
Four Programs	(10.2)	(14.0)	(23.8)
Five or More Programs	13.8	19.0	41.7
Five Programs	(7.7)	(10.6)	(22.0)
Six or More Programs	6.1	8.4	19.7
Six Programs	(4.4)	(6.1)	(14.1)
Seven or More Programs	1.7	2.3	5.6
Total Sample	100.0		100.0
Sample Size (Thousands)	19,707		6,359

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: Multiple program participation is based on all 17 assistance programs of Table 1.

households participated in 4 or more programs, only 33 percent of the low-income households participating in at least one program participated in as many programs. Overall, the program-participant low-income households received benefits from an average of 2.9 programs, compared to 4.2 programs for the FSP households.

By definition, the lower level of program participation among the low-income households was due to one of two factors: (1) the ineligibility of households for the programs and (2) the nonparticipation of program-eligible households. Eligibility for the assistance programs may include means tests which must be satisfied before benefits can be received, as well as categorical restrictions based on the demographic or other characteristics of the household. Examples of such categorical eligibility criteria include the targeting of program benefits to children and families with children (e.g., the NSLP, SBP, and AFDC), to individuals who have recently become unemployed (e.g., UI), to the aged (e.g., OASDI and SSI), and to the blind and disabled (e.g., SSI).[17] Depending upon the financial and demographic characteristics of a particular household, the set of programs potentially available to that household is likely to be a subset of the programs included in this study.

While the information available from the cross-sectional SIPP file does not enable us to identify program-ineligible households and program-eligible nonparticipating households, an examination of the demographic characteristics of the FSP and low-income households provides some insight into categorical program eligibility for the two groups. FSP households

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[17]See FNS (1986) and Burke (1985) for descriptions of the eligibility criteria for the programs.

were more likely to be headed by a single female, to include more (and younger) children, and more frequently to include a disabled member than was true of the low-income households, as shown in Appendix Table A.1. These factors suggest that, all else equal, a greater proportion of the FSP households were categorically eligible for AFDC, GA, SSI, WIC, NSLP, SBP, and Medicaid. In contrast, the greater proportion of the low-income households with elderly members suggests that, all else equal, a larger proportion of the low-income households were eligible for social insurance programs targeted toward the elderly (i.e., OASDI and Medicare).

The observed patterns of program participation across the two household groups are consistent with such differences in program eligibility (see Table 4). That is, the FSP households were more likely to have participated in the need-tested programs and less likely to have participated in OASDI and Medicare than were the low-income households. These differences in program participation were especially large for the need-tested programs. The percentages of FSP households which participated in the need-tested programs were more than double the comparable measures for the low-income households for each of the programs, except the NSLP and the two housing assistance programs. For the latter programs, the differences in the participation levels, while not as great, were still quite large.

2. Multiple Program Combinations of the FSP Households

The FSP households participated in a wide array of multiple program combinations. Within the 9 program categories considered--Social Security (OASDI), other social insurance (OSI), Medicare (CARE), AFDC and GA (AFDC+), Supplemental Security Income (SSI), Food Stamps (FSP), other nutrition

Table of Contents

TABLE 4

FREQUENCY OF PROGRAM PARTICIPATION BY LOW-INCOME HOUSEHOLDS AND FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentages of households)

Program	Low-Income Households	FSP Households
No Programs	27.3	0
Social Insurance Programs		
OASDI	31.7	25.9
UI	3.4	3.1
Workers' Compensation	0.6	0.5*
Veterans' Compensation/Pension	4.6	4.2
Railroad Retirement	0.4	0.2*
Medicare	28.9	23.3
Need-Tested Programs		
AFDC	12.4	37.9
SSI	9.9	21.1
GA	3.5	11.6
FSP	28.5	100.0
WIC	4.7	11.6
NSLP	26.8	43.5
SBP	6.0	14.1
Medicaid	27.5	69.4
Subsidized Housing	5.1	9.7
Public Housing	7.3	13.5
LIHEAP	11.7	25.3
Total Sample	100.0	100.0
Sample Size (Thousands)	19,707	6,359

SOURCE: 1984 SIPP Wave 3, April Extract.

*This figure represents fewer than 10 unweighted households.

assistance (ONA)[18], Medicaid (CAID), and energy and housing assistance (EHA)--101 different combinations were reported by the FSP households.[19] However, the majority of the FSP households were concentrated in a relatively small subset of program combinations. Seventeen program combinations accounted for the participation patterns of 75 percent of the FSP households and 5 of those combinations reflected the participation patterns of 44 percent of the households, as shown in Table 5.[20] Thus, despite the diversity of multiple program combinations observed, several multiple program combinations represented substantial proportions of the FSP households.

The five most common multiple program combinations of the FSP households involved participation in the FSP in conjunction with AFDC+/CAID, ONA, and/or EHA, as shown in Table 5.[21] Two of these program categories, AFDC+ and ONA, include programs which focus on the needs of a specific demographic group--children and their families, while the third, EHA,

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[18]In the body of this report, WIC, the NSLP, and the SBP are treated as a single program category--ONA. However, Appendix E contains a short description of the extent and composition of multiple program participation in the FSP and these three programs.

[19]Because the sample of FSP households was too small to permit a detailed examination of multiple program participation across the full set of programs, the 17 individual programs were consolidated into 9 program categories (as described in Appendix B).

[20]Appendix Table A.2 presents detailed participation information for all 101 multiple program combinations.

[21]The AFDC+/CAID pairing reflects the eligibility ties between AFDC and Medicare. Because eligibility for Medicaid is based in part on the actual or potential receipt of AFDC or SSI benefits, most AFDC and SSI recipients are automatically eligible for Medicaid. In many states, Medicaid coverage is also offered to individuals who are medically needy but do not qualify for AFDC or SSI because their income exceeds the eligibility threshold.

includes several assistance programs that are targeted to low-income households in general, without regard to the composition of the household.

Of the 12 remaining common program combinations of Table 5, each representing between 1 and 5 percent of the FSP households, 8 include program categories that focus on the needs of the elderly and/or disabled (e.g., OASDI, CARE, SSI, and CAID).[22] These 8 program combinations, representing the participation patterns of 18 percent of the FSP households, reflect the program participation patterns of two additional components of the FSP population--households with elderly members and households with disabled members.

Although FSP households in general participated in relatively common combinations of programs, the patterns of program participation for some subgroups of the FSP population are quite varied, as shown in Table 6.[23] Of the FSP households with elderly members, fully 55 percent participated in program combinations that involved less than 5 percent of the subgroup. Even more dispersed were the participation patterns of FSP households with disabled members. Over three-fourths of those households participated in program combinations that represented less than 5 percent of the subgroup. The wide diversity of program combinations selected by the FSP households with elderly members and those with disabled members

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[22]As noted earlier, eligibility for Medicaid is based in part on the actual or potential receipt of AFDC or SSI benefits. Similarly, eligibility for Medicare is based in part on eligibility for OASDI or Railroad Retirement benefits, although not all recipients of OASDI and/or Railroad Retirement benefits are eligible for Medicare.

[23]A more detailed description of the multiple program participation of selected demographic subgroups of FSP households is provided in Appendix F.

Table of Contents

TABLE 6

THE MOST COMMON MULTIPLE PROGRAM COMBINATIONS
FOR SELECTED SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Household Subgroup (N = Thousands)	Program Combinations with Greater than 5% of the Subgroup	Percent of Subgroup
Single-Parent Female-Headed Households with Children Younger Than 18 (N = 2,688)	AFDC+/ONA/CAID/EHA	26.5
	AFDC+/ONA/CAID	19.0
	AFDC+/CAID	10.3
	AFDC+/CAID/EHA	8.5
	ONA/EHA	6.5
	Total	70.8
Two-Parent Households with Children Younger Than 18 (N = 1,327)	ONA	22.1
	AFDC+/ONA/CAID	12.8
	AFDC+/ONA/CAID/EHA	11.7
	FSP Only	6.5
	ONA/EHA	6.0
	AFDC+/CAID	5.7
	Total	64.8
Households with Elderly Members[a] (N = 1,629)	OASDI/CARE/SSI/CAID	15.5
	OASDI/CARE/SSI/CAID/EHA	14.5
	OASDI/CARE	9.0
	OASDI/CARE/EHA	5.7
	Total	44.7
Households with Disabled Members[b] (N = 1,980)	AFDC+/ONA/CAID/EHA	8.2
	AFDC+/ONA/CAID	7.7
	OASDI/CARE/SSI/CAID	7.2
	Total	23.1

SOURCE: 1984 SIPP Wave 3, April Extract.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

reflects the likelihood that such households include persons who are potentially eligible for a range of programs not necessarily targeted toward the elderly or disabled (e.g., children younger than age 18) (see Appendix Table F.5). As a result, the program combinations of such households tend to include a mix of programs that are targeted toward the differing needs of particular household members (e.g., OASDI, CARE, SSI, CAID, and ONA), as well as programs intended to meet needs of the household as a whole (e.g., EHA).

A most conspicuous finding in this table is the relatively small combination of programs selected by the typical two-parent FSP household with children. As a result of the limited availability of the unemployed parent component of the AFDC program for two-parent households,[24] 3 of the 6 most common program combinations of the two-parent FSP households involved only in-kind transfers--FSP alone and FSP in conjunction with ONA and EHA.

The frequency with which FSP households in general and some FSP household subgroups in particular participated in relatively common combinations of programs suggests that there may be economies in the administration of the multiple programs that could be achieved by combining programs into packages for the various demographic subgroups. However, in developing such a system, it is important to recognize that the needs of households may vary considerably depending on the composition of each particular household and its' economic circumstances. Thus, the targeting of program benefits toward specific needs under a system of fewer programs could

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[24]In 1984, only 23 states and the District of Columbia provided AFDC-UP benefits.

require more complex program rules than those that exist under a system in which separate programs are themselves designed to meet specific needs.

D. COMBINED BENEFIT ADEQUACY

Our examination of the benefits received by multiple program participants focuses on both the level of benefits received and the relationship between those benefits and the household's needs. Specifically, we address two questions:

1. How does the value of the benefit package vary across different combinations of programs and different household types?

2. What is the impact of the benefit package on the food stamp recipient's income? Is that income adequate for meeting the needs of different types of households?

Key findings from the analysis of multiple program benefits include the following.

- The average value of the cash and in-kind benefits received by the FSP households was approximately $554 per month, with 41 percent of those benefits coming from in-kind transfers.

- Although the FSP households that participated in greater numbers of programs received larger benefit packages on average, multiple program participation in and of itself did not insure that those households achieved the highest level of benefits.

- Multiple program participation had a substantial impact on FSP households' income. In general, FSP households which participated in a large number of programs tended to have lower income prior to any transfers and much higher income after all transfers than was true of FSP households which participated in relatively few programs.

- FSP households that participated in larger numbers of programs were more likely to receive benefits packages that were adequate to meet their needs (as measured by the poverty threshold) than were FSP households that participated in relatively few programs.

- In-kind benefits made substantial contributions toward both the reduction in the proportion of FSP households with incomes below the poverty threshold and the closing of the poverty gap--the aggregate amount by which the incomes of the FSP households fell below the poverty threshold.

- Reflecting the differences in program availability and program participation for FSP households with children, those with elderly members, and those with disabled members, the extent to which the needs of the different households were met by multiple program benefits varied considerably.

This section discusses these findings in more detail. Subsections 1 and 2 describe the multiple program benefits and household income of the FSP households, respectively. The final subsection examines the relationship between household income and need for the FSP households.

1. Multiple Program Benefits

The average value of benefits from social insurance and need-tested programs for FSP households was about $554 in April 1984, as shown in Table 7.[25] Approximately 41 percent of those benefits were received as in-kind transfers, with food stamps representing over one-half of the households' in-kind benefits. Clearly, in-kind transfers were an important component of the benefit package for the FSP households even without the largest

[25]See Appendix C for a discussion on the valuation of in-kind benefits and Appendix D for a discussion of the simulation of benefits from the Earned Income Tax Credit (EITC) program.

Table of Contents

TABLE 7

AVERAGE VALUE OF PROGRAM BENEFITS
BY THE EXTENT OF MULTIPLE PROGRAM PARTICIPATION
BY FSP HOUSEHOLDS, APRIL 1984
(Weighted; dollars, except as noted)

Program Combination	Percent of All FSP Households	Total Cash and In-Kind Benefits	Cash Benefits from Social Insurance Programs	Need-Tested Programs		
				Cash Benefits	In-Kind Benefits	
					Total	Food Stamps
FSP Only	4.9	111.11	0.00	7.95	103.16	103.16
FSP and						
One Program	10.4	259.21	72.81	16.54	169.86	118.22
Two Programs	19.2	432.20	102.46	154.19	175.55	115.89
Three Programs	23.8	549.09	92.94	242.72	213.43	117.08
Four Programs	22.0	658.41	140.39	272.60	245.42	121.92
Five Programs	14.1	785.97	150.77	318.23	316.97	125.12
Six Programs	4.0	867.30	184.69	325.50	357.11	134.52
Seven or More Program	1.6	1,040.49	238.17	417.33	384.99	145.67
Total Sample	100.0	553.49	112.85	214.19	226.45	119.67
Sample Size (Thousands)	6,359					

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Multiple program participation is based on all 17 assistance programs of Table 1. Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated. These figures are not adjusted for differences in household size.

in-kind programs--Medicare and Medicaid--being included in the valuation of the benefit package.

Not surprisingly, multiple program participation had a substantial impact on the total benefits of FSP households. For FSP households which participated in seven or more programs, the average value of the benefit package was $1,040, while the average value of the benefit package of FSP households that participated only in the FSP was $111. On average, participation in each additional program led to an increase in total benefits of approximately $132.

While the FSP households which participated in multiple programs tended to achieve larger benefit packages, their participation in multiple programs in and of itself did not guarantee higher total benefits. As shown in Table 8, which reports the benefit package for the FSP households which participated in the most common multiple program combinations, total benefits vary substantially across the multiple program categories. FSP households which participated in the greatest number of programs did not necessarily receive the largest benefit package.[26]

2. Household Income

FSP households which participated in a large number of assistance programs tended to have lower income prior to any transfers and much higher income after all transfers were added than was true of FSP households that participated in relatively few programs, as shown in Table 9. Total after-tax income from all cash and in-kind sources was $1,232 for the FSP

[26]This finding holds even after adjustments are made for differences in household size across the program combinations.

Table of Contents

TABLE 8

AVERAGE VALUE OF PROGRAM BENEFITS
BY THE MOST COMMON MULTIPLE PROGRAM
COMBINATIONS FOR FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Program Combination	Percent of All FSP Households	Total Cash and In-Kind Benefits (Dollars)
FSP Only	4.9	111.11
FSP and:		
OSI	1.4	383.84
ONA	6.7	227.39
EHA	2.2	307.52
OASDI/CARE	2.6	478.57
AFDC+/CAID	7.5	454.69
SSI/CAID	1.2	407.72
ONA/EHA	4.2	385.00
OASDI/CAR/EHA	1.5	630.89
AFDC+/ONA/CAID	10.8	633.26
AFDC+/CAID/EHA	5.2	580.47
SSI/CAID/HHA	2.1	527.51
OASDI/CARE/SSI/CAID	4.6	455.10
CARE/SSI/CAID/EHA	1.1	545.42
AFDC+/SSI/ONA/CAID	1.1	903.94
AFDC+/ONA/CAID/EHA	14.1	824.90
OASDI/CARE/SSI/CAID/EHA	4.0	540.74
All Other Combinations	25.0	638.91
Total Sample	100.0	553.49
Sample Size (Thousands)	6,359	

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated. These figures are not adjusted for differences in household size.

Table of Contents

TABLE 9

HOUSEHOLD INCOME BY EXTENT OF MULTIPLE PROGRAM PARTICIPATION BY FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Program Combination	Percent of All FSP Households	Average Monthly Household Income (Dollars)	
		Before-Tax Pre-Transfer Income	After-Tax Income from All Private, Social Insurance, and Need-Tested Sources
FSP Only	4.9	556.13	620.61
FSP and:			
One Program	10.4	513.09	729.61
Two Programs	19.2	432.34	822.17
Three Programs	23.8	236.45	762.77
Four Programs	22.0	169.82	810.10
Five Programs	14.1	164.64	935.96
Six Programs	4.0	153.17	1,011.92
Seven or More Programs	1.6	214.21	1,232.37
Total Sample	100.0	290.15	816.58
Sample Size (Thousands)	6,359		

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Before-tax pre-tranfer income includes all earned and unearned gross cash income from private sources. After-tax income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated. Multiple program participation is based on all 17 assistance programs from Table 1. These figures are not adjusted for differences in household size.

households that participated in 7 or more programs, while the post-transfer income of FSP households which participated only in the FSP was $621. Thus, the post-transfer income of the FSP households which participated in at least 7 other programs was almost double that of the FSP-only households. This is in sharp contrast to the relative positions of the two sets of households prior to any transfers. The before-tax pre-transfer income of the FSP households which participated in 7 or more other programs was only 39 percent of the comparable income measure of the FSP-only households.

3. Household Need

The programs considered in this study include those that provide for the general needs of the participants through cash assistance and those that provide for specific needs (e.g., food, shelter, clothing, and medical assistance) via in-kind transfers. In some cases, the programs focus on the needs of selected individuals (e.g., children, the elderly, the unemployed), while other programs target low-income households in general. These sometimes overlapping concepts of the needs of individuals and households, and the differences in the types of benefits provided to address those needs, make it difficult to determine the effectiveness with which the programs provide the levels of resources that are required by the households. In comparing household income, including program benefits, with a measure of household need it is necessary to first define a need standard that reflects the resource requirements of the household.

Standard of Need. Establishing a need standard is a subjective process, given the lack of consensus on what constitutes a socially acceptable, minimum standard of living. The Census Bureau poverty measure is based on a statistical convention--the cost of a nutritionally adequate

diet for a household of a given size multiplied by the ratio of income to food expenditures--which, although widely used, has been subjected to much criticism.[27] Despite the arguments against using the existing poverty thresholds as a standard of need, there is no generally accepted alternative measure. Consequently, this study uses one-twelfth of the Census Bureau annual poverty thresholds for 1984 as the measure of the households' needs for April.[28]

In comparing household resources with the monthly poverty threshold, we make two important changes relative to the Census Bureau measure of money income. First, inasmuch as the poverty measure is based on the relationship between after-tax disposable income and household expenditures, we use after-tax income to assess how well the income of the FSP household

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[27]Such criticism includes concerns about the assumption of a fixed relationship between food requirements and other needs, and the implicit use of equivalence scales which assume that the effects of household composition on food and nonfood consumption are equal. On the income side, the Census money income concept has been criticized as an inappropriate measure for drawing comparisons with a poverty threshold that is based on household consumption needs. In particular, the money income measure ignores in-kind transfers and deferred benefits (e.g., pensions), assets and liabilities, and the impact of income taxes. (See U.S. House of Representatives (1985b) for a more complete discussion on the objections to the official poverty measure.) All of these factors can affect the level of resources available to the household to meet its consumption needs.

[28]Under the official poverty definition, money income received during the entire calendar year is compared with the poverty threshold. Consequently, short-term fluctuations in income are smoothed out over the course of the year, so that households that are temporarily poor (or nonpoor) are not classified as having been below (or above) the poverty threshold for the entire year. In using one-twelfth of the poverty threshold as the measure of household need and examining the ability of the FSP households to meet that need standard in April, we could not identify those households for which that month's income was unusually high or low. Thus, the one-month accounting period may not reflect the true financial situation of all of the FSP households in the study.

meets the household's needs.[29] Second, since in-kind benefits from need-tested programs are a substantial component of the benefit package and contribute toward the household's available resources, the value of those benefits (excluding the benefits from Medicare and Medicaid) are included in the measure of total household income.[30] It has been argued that, to be complete, the total household income measure should also include the value of Medicare, Medicaid, and other in-kind benefits (e.g., fringe benefits provided through employment), as well as the value of the household's deferred benefits and wealth. Unfortunately, no generally accepted methods have been established for valuing many of those benefits and measuring wealth. Furthermore, no consensus has been reached on how the poverty threshold measure, which was intended for comparisons with money income, should be adjusted for comparisons with a more complete measure of resources.

Despite these problems, the income-need comparison made in this study provides an indication of the impact of participation in multiple programs on the ability of the household to meet a conventional standard of need.

Income to Need Comparison. The addition of cash and in-kind benefits from the social insurance and need-tested programs combined to

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[29]As noted earlier, the Census Bureau money income concept does not incorporate income taxes. Consequently, the official poverty measures are based on a comparison of before-tax money income with a standard based on consumption needs.

[30]See Appendix B for a discussion on the valuation of in-kind benefits. We make no attempt to determine the value of Medicare and Medicaid, since there is much disagreement over the appropriate method for valuing health care (U.S. Bureau of the Census, 1986).

reduce the proportion of FSP households whose incomes were below the need standard from about 90 percent to 54 percent, as shown in Table 10.[31] For those FSP households whose income was still below the poverty threshold after all transfers, the majority had moved from below to above 50 percent of the poverty threshold. Only 3.8 percent of the FSP households remained below 50 percent of the poverty threshold after all transfers were counted.

With 74 percent of FSP households below 50 percent of the poverty threshold based on pre-transfer income, the largest impact of the social insurance programs and need-tested cash programs was to move a number of those households above that level.[32] It was the addition of in-kind need-tested programs that led to a substantial increase in the percentage of FSP

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[31]It is important to note that the assumption which underlies the comparison of pre- with post-transfer income--that there are no behavioral responses to the transfers which would cause income to deviate from observed pre-transfer income in the absence of transfers--ignores savings, labor supply, and household composition changes that occur in response to the transfer programs. Danziger et al. (1981) estimate that transfer programs reduce aggregate labor supply by 4.8 percent, leading to a reduction in total earnings of 3.5 percent. Consequently, post-transfer income represents an increase in net income of less than the full amount of the transfers. Thus, the measure of pre-transfer income underestimates the household's resources in the absence of the program, leading to an overestimate of the contribution of the programs toward meeting the household's needs.

[32]The order in which the program benefits are added to pre-transfer income reflects the sequence in which benefits from one program are taken into account to determine eligibility and/or benefits for other programs. (See Fraker (1986) for a detailed discussion on the sequencing of the programs included in this study.) In general, eligibility for and benefits from the social insurance programs are independent of the level of benefits received by the household from any other programs, while the need-tested programs typically include social insurance benefits as part of the household's countable income. In-kind need-tested programs also frequently count as income the benefits received by the household from the need-tested program. On the basis of this sequence, the contribution of the social insurance programs toward meeting the FSP household's needs is considered first, followed by the impacts of the need-tested cash programs and need-tested in-kind programs.

TABLE 10

RELATIONSHIP BETWEEN AFTER-TAX INCOME AND NEED
FOR FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Characteristic	Percent of Households
Pre-Transfer Income to Need Ratio:	
Below .50	73.7
Below 1.00	90.2
Pre-transfer Income to Need Ratio Below .50 Moved Above That Level by the Addition of:	
Social insurance income	26.0
+Need-tested cash income	40.1
+Need-tested in-kind income	28.7
Pre-Transfer Income to Need Ratio Below 1.00 Moved Above That Level by the Addition of:	
Social insurance income	5.2
+Need-tested cash income	6.7
+Need-tested in-kind income	28.6
Post-Transfer Income to Need Ratio:	
Below .50	3.8
Below 1.00	53.6
Sample Size (Thousands)	6,359

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Before-tax pre-transfer income includes all earned and unearned gross cash income from private sources. After-tax income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated.

households which rose above the poverty level.[33] Including in-kind benefits in household income reduced the percentage of households below 50 percent and 100 percent of the poverty threshold each by 29 percent. It is clear that in-kind transfers had a significant effect on the ability of the FSP households to satisfy their needs.

The combined effect of all of the cash and in-kind programs was to reduce the poverty gap of the FSP households--the aggregate amount by which their incomes fell below the poverty threshold--by 84 percent. The social insurance programs reduced the poverty gap by 18 percent, the need-tested cash programs closed it by an additional 37 percent, and the need-tested in-kind programs closed it by another 29 percent. Thus, although none of the programs included in this study had as its explicit goal the elimination of poverty, the programs combined to reduce a large component of the poverty gap for the FSP households.

As we noted earlier, FSP households which participated in a greater number of assistance programs tended to be less well off prior to receiving program benefits than did the FSP households which participated in relatively few programs. However, the larger benefit packages of FSP households which participated in greater numbers of programs moved a substantial proportion of those households above the poverty threshold. After all

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[33]In comparing the contributions of the three different types of programs toward meeting the household's need standards, it is important to note that, because the programs are interdependent, the contributions of the need-tested cash programs are conditional on the social insurance programs, and the contributions of the need-tested in-kind programs are conditional on both the social insurance and need-tested cash programs. Consequently, the analysis cannot provide absolute measures of the impact of each program on the household's circumstances; rather, it provides a measure of the relative contribution of the programs given the characteristics of the preceding programs.

transfers, about 36 percent of the FSP households which participated in 5

[redacted]

or 6 other programs remained below the poverty level, compared with 57 percent of the FSP households which participated in 2 other programs, as shown in Table 11. In addition, of the FSP households that remained in poverty, those below 50 percent of the poverty threshold were much more likely to be households which participated in relatively fewer programs. Consequently, the percentage reduction in the poverty gap of the FSP households which participated in few programs was substantially less than that in the poverty gap of the FSP households which participated in a large number of programs (see Table 12). The poverty gap of the FSP households which participated in 5 or more other programs was reduced by over 90 percent, compared with only 34 percent for the households which participated only in the FSP.

The impact of multiple benefit receipt on the circumstances of different types of FSP households suggests that the extent to which the needs of the different households were met by the available assistance programs varied substantially. FSP households with elderly members and those with disabled members, both of which tended to participate in a wide range of program combinations, were much more likely to be moved above the poverty threshold after all transfers were counted than were either single-parent female-headed households or two-parent households, as shown in Table 13. Conversely, two-parent households with dependent children, while better off prior to any transfers, were more likely than households in any of the other subgroups to remain below 50 percent of the poverty threshold after all transfers were counted. This finding is consistent with the

Table of Contents

TABLE 11

RELATIONSHIP BETWEEN AFTER-TAX INCOME AND NEED BY THE EXTENT OF MULTIPLE PROGRAM PARTICIPATION BY FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Program Combination	Percent of All FSP Households	Percent of Households with Pre-Transfer Income to Need Ratio Below .50	Below 1.00	Percent of Households with Post-Transfer Income to Need Ratio Below .50	Below 1.00
FSP Only	4.9	38.4	75.9	24.2	67.6
FSP and:					
One Program	10.4	45.1	76.4	13.4	55.8
Two Programs	19.2	59.4	83.4	3.7	57.3
Three Programs	23.8	78.9	93.2	1.2	59.7
Four Programs	22.0	89.2	94.6	0.3	56.8
Five Programs	14.1	87.9	95.9	1.0	37.3
Six Programs	4.0	87.3	96.3	0.0	34.9
Seven or More Programs	1.6	91.0	95.3	0.0	24.7
Total Sample	100.0	73.7	90.2	3.8	53.6
Sample Size (Thousands)	6,359				

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Before-tax pre-transfer income includes all earned and unearned gross cash income from private sources. After-tax income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated. Multiple program participation is based on all 17 assistance programs from Table 1.

Table of Contents

TABLE 12

PERCENTAGE OF POVERTY GAP REDUCED BY ALL CASH AND IN-KIND PROGRAMS BY EXTENT OF MULTIPLE PROGRAM PARTICIPATION BY FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Program Combination	Percent of All FSP Households	Percentage Reduction in Poverty Gap
FSP Only	4.9	33.5
FSP and:		
One Program	10.4	56.5
Two Programs	19.2	77.8
Three Programs	23.8	83.6
Four Programs	22.0	88.4
Five Programs	14.1	92.8
Six Programs	4.0	95.0
Seven or More Programs	1.6	97.9
Total Sample	100.0	83.8
Sample Size (Thousands)	6,359	

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated. Multiple program participation is based on all 17 assistance programs from Table 1.

Table of Contents

TABLE 13

RELATIONSHIP BETWEEN AFTER-TAX INCOME AND NEED
BY SELECTED SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Household Subgroup	Number of Households (Thousands)	Percent of Households with Pre-Transfer Income to Need Ratio Below .50	Percent of Households with Pre-Transfer Income to Need Ratio Below 1.00	Percent of Households with Post-Transfer Income to Need Ratio Below .50	Percent of Households with Post-Transfer Income to Need Ratio Below 1.00
Single-Parent Female-Headed Households with Children Younger Than 18	2,688	77.6	95.3	1.4	61.5
Two-Parent Households with Children Younger Than 18	1,327	54.6	84.1	6.4	54.6
Households with Elderly Members[a]	1,629	82.9	90.3	0.9	36.8
Households with Disabled Members[b]	1,980	78.3	90.8	4.0	49.5
Total Sample	6,359	73.7	90.2	3.8	53.6

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: Pre-transfer income includes all earned and unearned gross cash income from private sources. After-tax income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of the benefits from Medicare and Mecicaid have not been derived. The value of benefits from ETIC have been simulated.

[a] A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

[b] An elderly individual is a person older than age 60.

Table of Contents

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Table of Contents

APPENDIX A

SUPPLEMENTAL TABLES

Table of Contents

TABLE A.1

SELECTED HOUSEHOLD CHARACTERISTICS FOR LOW-INCOME HOUSEHOLDS AND FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentages, except as noted)

Household Characteristic	Low-Income Households	FSP Households
Household Size (Mean)	2.70	3.31
Distribution of Household Members by Age:		
0-5 years	14.0	18.1
6-17 years	24.4	29.9
18-59 years	46.9	42.3
60 years and over	14.8	9.7
Nature of Reference Person's Family:		
Headed by husband and wife	40.9	28.8
With children younger than 18	(26.1)	(20.9)
Headed by single male	13.3	9.0
With children younger than 18	(1.4)	(2.0)
Headed by single female	45.8	62.3
With children younger than 18	(18.6)	(42.3)
Sex of Reference Person:		
Male	50.4	33.7
Female	49.6	66.3
Race of Reference Person:		
White	78.0	61.5
Black	19.5	35.3
Other	2.6	3.2
Age of Reference Person:		
Younger than 35 years	31.4	40.2
35 to 59 years	36.8	36.0
60 years and older	31.8	23.8
Reference Person Employed Within Month:		
Yes	42.9	23.9
No	57.2	76.1
Marital Status of Reference Person:		
Married	49.9	44.6
Spouse present	(40.9)	(28.7)
Not married	50.2	55.3
Reference Person's Spouse Employed within Month:		
Yes	13.6	5.7
No	27.3	23.0
Spouse not present	59.2	71.3
Presence of Disabled Person in Household[a]	22.1	31.1
Presence of Elderly Person in Household[b]	33.1	25.6
Household Income for Month (Mean Dollars)	419.25	615.37
Household Income for Households with that Source of Income (Mean Dollars)		
Earned Income	770.03	559.21
Asset Income	56.38	67.08
Other pre-transfer income	240.77	205.37
Income from social insurance programs	358.57	386.79
Income from need-tested cash programs	324.04	303.28
Region:		
Northeast	19.5	20.6
North Central	24.1	25.3
South	38.7	39.5
West	17.8	14.5
Sample Size (Thousands)	19,707	6,359

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTES: SIPP survey procedures require that the first person listed be the person (or one of the persons) in whose name the home is owned or rented. The remaining members of the household are identified in terms of their relationship to this "householder" or reference person.

[a]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

[b]An elderly individual is a person older than age 60.

Table of Contents

TABLE A.2

MULTIPLE PROGRAM COMBINATIONS FOR FSP HOUSEHOLDS,
APRIL 1984
(Weighted)

Program Combination	Number of Households	Percent of Households
FSP Only	309,444	4.87
FSP and:		
One Other Program	799,079	12.57
OASDI	60,628	0.95
OSI	87,186	1.37
AFDC+	42,129*	0.66
ONA	425,408	6.69
CAID	44,772	0.70
EHA	138,956	2.19
Two Other Programs	1,222,363	19.22
OASDI/CARE	165,282	2.60
OASDI/AFDC+	8,840*	0.14
OASDI/ONA	13,411*	0.21
OASDI/EHA	21,506*	0.34
OASDI/CARE	6,544*	0.10
OSI/ONA	58,589*	0.92
OSI/CAID	10,384*	0.16
OSI/EHA	21,184*	0.33
CARE/CAID	4,383*	0.07
AFDC+/CAID	478,474	7.52
AFDC+/EHA	17,931*	0.28
SSI/CAID	73,614	1.16
ONA/CAID	47,691	0.75
ONA/EHA	263,797	4.15
CAID/EHA	30,733*	0.48
Three Other Programs	1,736,027	27.30
OASDI/OSI/CARE	35,402*	0.56
OASDI/OSI/ONA	5,036*	0.08
OASDI/CARE/AFDC+	5,437*	0.09
OASDI/CARE/ONA	48,663*	0.77
OASDI/CARE/CAID	48,943	0.77
OASDI/CARE/EHA	97,277	1.53
OASDI/AFDC+/CAID	5,381*	0.08
OASDI/AFDC+/EHA	9,593*	0.15
OASDI/SSI/CAID	17,570*	0.28
OASDI/ONA/CAID	23,166*	0.36
OASDI/ONA/EHA	17,904*	0.28
OASDI/CAID/EHA	19,479*	0.31
OSI/AFDC+/CAID	22,356*	0.35

TABLE A.2 (continued)
Page 2

Program Combination	Number of Households	Percent of Households
OSI/SSI/CAID	5,939*	0.09
OSI/ONA/CAID	21,533*	0.34
OSI/ONA/EHA	20,998*	0.33
OSI/CAID/EHA	4,371*	0.07
CARE/SSI/CAID	44,687	0.70
AFDC+/SSI/CAID	32,542*	0.51
AFDC+/ONA/CAID	684,984	10.77
AFDC+/ONA/EHA	6,203*	0.10
AFDC+/CAID/EHA	328,746	5.17
SSI/ONA/CAID	42,251*	0.66
SSI/CAID/EHA	133,818	2.10
ONA/CAID/EHA	53,748	0.85
Four Other Programs	1,649,131	25.93
OASDI/OSI/CARE/ONA	7,416*	0.12
OASDI/OSI/CARE/ONA	18,211*	0.29
OASDI/CARE/AFDC+/CAID	33,557*	0.53
OASDI/CARE/AFDC+/EHA	3,261*	0.05
OASDI/CARE/SSI/CAID	290,764	4.57
OASDI/CARE/ONA/CAID	9,646*	0.15
OASDI/CARE/ONA/EHA	22,843*	0.36
OASDI/CARE/CAID/EHA	37,226*	0.59
OASDI/AFDC+/ONA/CAID	44,100	0.69
OASDI/AFDC+/CAID/EHA	14,335*	0.23
OASDI/SSI/CAID/EHA	8,113*	0.13
OASDI/ONA/CAID/EHA	9,811*	0.15
OSI/CARE/SSI/CAID	8,524*	0.13
OSI/AFDC+/SSI/CAID	5,466*	0.09
OSI/AFDC+/ONA/CAID	44,658	0.70
OSI/AFDC+/ONA/EHA	4,895*	0.08
OSI/AFDC+/CAID/EHA	2,748*	0.04
OSI/SSI/ONA/CAID	5,402*	0.08
OSI/ONA/CAID/EHA	8,814*	0.14
CARE/AFDC+/ONA/CAID	5,834*	0.09
CARE/SSI/CAID/EHA	71,949	1.13
AFDC+/SSI/ONA/CAID	67,564	1.06
AFDC+/SSI/CAID/EHA	4,822*	0.08
AFDC+/ONA/CAID/EHA	897,837	14.12
SSI/ONA/CAID/EHA	21,235*	0.33
Five Other Programs	490,009	7.71
OASDI/OSI/CARE/AFDC+/CAID	12,660*	0.20
OASDI/OSI/CARE/SSI/CAID	12,837*	0.20
OASDI/OSI/CARE/CAID/EHA	20,854*	0.33
OASDI/OSI/SSI/CAID/EHA	4,286*	0.07

TABLE A.2 (continued)
Page 3

Program Combination	Number of Households	Percent of Households
OASDI/CARE/AFDC+/SSI/CAID	7,620*	0.12
OASDI/CARE/AFDC+/ONA/CAID	25,481*	0.40
OASDI/CARE/AFDC+/CAID/EHA	9,099*	0.14
OASDI/CARE/SSI/ONA/CAID	10,894*	0.17
OASDI/CARE/SSI/CAID/EHA	251,310	3.95
OASDI/AFDC+/SSI/ONA/CAID	4,451*	0.07
OASDO/AFDC+/SSI/CAID/EHA	4,840*	0.08
OASDI/AFDC+/ONA/CAID/EHA	27,404*	0.43
OASDI/SSI/ONA/CAID/EHA	4,600*	0.07
OSI/AFDC+/SSI/ONA/CAID	4,274*	0.07
OSI/AFDC+/ONA/CAID/EHA	5,123*	0.08
CARE/AFDC+/SSI/ONA/CAID	8,063*	0.13
CARE/AFDC+/SSI/CAID/EHA	12,402*	0.20
CARE/AFDC+/ONA/CAID/EHA	3,473*	0.05
AFDC+/SSI/ONA/CAID/EHA	60,338	0.95
Six Other Programs	97,858	1.54
OASDI/OSI/CARE/AFDC+/CAID/EHA	4,795*	0.08
OASDI/OSI/CARE/SSI/CAID/EHA	17,947*	0.28
OASDI/CARE/AFDC+/SSI/ONA/CAID	29,998*	0.47
OASDI/CARE/AFDC+/SSI/CAID/EHA	19,597*	0.31
OASDI/CARE/AFDC+/ONA/CAID/EHA	15,844*	0.25
OASDI/CARE/SSI/ONA/CAID/EHA	5,933*	0.09
OSI/CARE/AFDC+/SSI/ONA/CAID	3,744*	0.06
Seven Other Programs	50,564	0.80
OASDI/OSI/CARE/AFDC+/ONA/CAID/EHA	8,171*	0.13
OASDI/OSI/AFDC+/SSI/ONA/CAID/EHA	5,524*	0.09
OASDI/CARE/AFDC+/SSI/ONA/CAID/EHA	36,869*	0.58
Total Sample (Thousands)	6,359	100.00

SOURCE: SIPP Wave 3, April 1984 Extract.

*This figure represents fewer than 10 unweighted households.

Table of Contents

APPENDIX B

CONSOLIDATION OF THE ASSISTANCE PROGRAMS

The April 1984 Wave 3 SIPP file contains information on 1,425 FSP households. When the full set of 17 assistance programs is used to examine multiple program combinations, the 1,425 households are dispersed across 297 different program combinations, and only 33 combinations contain 10 or more households. Furthermore, those 33 program combinations represent only 51 percent of the total sample. The very small sample sizes for the majority of multiple program combinations necessitated consolidating the set of assistance programs for some parts of the analysis.

The consolidation of the set of programs examined takes one of three forms. In the simplest case, programs in which participation is mutually exclusive are combined into a single program category. As shown in Table B.1, which provides the frequency with which FSP households that participate in a particular program also participate in each of the other programs, no household participates in more than one program among UI, Workers' Compensation, Veterans' Compensation/Pensions, and Railroad Retirement. Consequently, these four programs are treated as a single program category--Other social insurance--with no loss of information on the total number of programs in which the households participate.

The second approach for combining programs is less straightforward. Programs which provide similar services or serve similar needs can be combined into a single program category. To the extent that the households participate jointly in these programs, combining programs will lead to an undercount of the total number of assistance programs in which the households are participating. This approach is used to combine WIC, the NSLP, and the SBP into a single category--other nutrition assistance--and to combine subsidized housing, public housing, and LIHEAP into a single category--energy and housing assistance.

Table of Contents

TABLE B.1

FREQUENCY OF SELECTED PROGRAM PAIRINGS FOR FSP HOUSEHOLDS, APRIL 1984
(Weighted; thousands of households; percentages in parentheses)

Program	FSP and No Other Program	Program Combination: OASDI	UI	Workers' Compensation	Veteran's Compensation/ Pension	Railroad Retirement	Medicare	AFDC	SSI	GA	WIC	NSLP	SBP	Medicaid	Subsidized Housing	Public Housing	LIHEAP	Total Sample
Social Insurance Programs																		
OASDI	61 (3.7)	1,644 (100.0)	9* (0.6)	8* (0.5)	127 (7.7)	8* (0.5)	1,314 (79.9)	230 (14.0)	733 (44.6)	121 (7.4)	59 (3.6)	372 (22.6)	106 (6.5)	1,103 (67.1)	92 (5.6)	255 (15.5)	427 (26.0)	1,644 (100.0)
UI	57 (28.6)	9* (4.7)	199 (100.0)	0	0	0	4* (2.0)	48 (24.0)	15* (7.6)	19* (9.5)	38* (18.9)	110 (55.5)	26* (12.8)	79 (39.9)	0	6* (2.8)	38* (19.0)	199 (100.0)
Workers' Compensation	9* (26.8)	8* (25.8)	0 (0.0)	32* (100.0)	0	0	8* (25.8)	0	0	8* (25.8)	0	19* (58.2)	5* (14.8)	13* (40.6)	0	0	5* (14.8)	32* (100.0)
Veterans' Compensation Pension	41* (15.4)	127 (48.1)	0	0	265 (100.0)	0	130 (49.2)	29* (10.8)	59 (22.2)	17* (6.6)	18* (6.2)	47 (17.7)	4* (1.6)	145 (54.6)	8* (3.1)	34* (12.8)	58 (21.9)	265 (100.0)
Railroad Retirement	0	8* (55.5)	0	0	0	15* (100.0)	15* (100.0)	5* (32.3)	0	3* (23.2)	5* (32.3)	8* (55.5)	0	8* (55.5)	0	0	8* (55.5)	15* (100.0)
Medicare	0	1,314 (88.6)	4* (0.3)	8* (0.6)	130 (8.8)	15* (1.0)	1,483 (100.0)	145 (9.8)	833 (56.2)	105 (7.1)	35* (2.4)	234 (15.8)	57 (3.9)	1,073 (72.3)	97 (6.6)	228 (15.3)	405 (27.3)	1,483 (100.0)
Need-Tested Programs																		
AFDC	0	230 (9.5)	48 (2.0)	0	29* (1.2)	5* (0.2)	145 (6.0)	2,410 (100.0)	236 (9.8)	64 (2.7)	464 (19.2)	1,547 (64.2)	563 (23.4)	2,410 (100.0)	296 (12.3)	420 (17.4)	643 (26.7)	2,410 (100.0)
SSI	0	733 (54.7)	15* (1.1)	0	59 (4.4)	0	833 (62.2)	236 (17.6)	1,340 (100.0)	78 (5.8)	80 (6.0)	282 (21.1)	121 (9.1)	1,340 (100.0)	147 (11.0)	252 (18.8)	339 (25.3)	1,340 (100.0)
GA	42 (18.0)	121 (16.4)	19* (2.6)	8* (1.1)	17* (2.3)	3* (0.5)	105 (14.2)	64 (8.6)	78 (10.5)	740 (100.0)	81 (10.9)	247 (33.4)	73 (9.9)	642 (86.7)	79 (10.6)	67 (9.0)	194 (26.2)	740 (100.0)
WIC	61 (8.3)	59 (8.0)	38* (5.1)	0	16* (2.2)	5* (0.6)	35* (4.7)	464 (62.9)	80 (10.8)	81 (11.0)	738 (100.0)	358 (48.5)	156 (21.2)	588 (79.7)	81 (11.0)	82 (11.1)	204 (27.7)	738 (100.0)
NSLP	240 (8.7)	372 (13.4)	110 (4.0)	19* (0.7)	47 (1.7)	8* (0.3)	234 (8.4)	1,547 (55.9)	282 (10.2)	247 (8.9)	358 (12.9)	2,769 (100.0)	897 (32.4)	1,961 (70.8)	265 (9.6)	418 (15.1)	772 (27.9)	2,769 (100.0)
SBP	0	106 (11.8)	26* (2.9)	5* (0.5)	4* (0.5)	0	57 (6.4)	563 (62.7)	121 (13.5)	73 (8.1)	156 (17.4)	897 (100.0)	897 (100.0)	684 (76.2)	103 (11.4)	206 (22.9)	260 (29.0)	897 (100.0)
Medicaid	50 (1.1)	1,103 (25.0)	79 (1.8)	13* (0.3)	145 (3.3)	8* (0.2)	1,073 (24.3)	2,410 (54.6)	1,340 (30.4)	642 (14.5)	588 (13.3)	1,961 (44.4)	684 (15.5)	4,415 (100.0)	531 (12.0)	697 (15.8)	1,168 (26.5)	4,415 (100.0)
Subsidized Housing	28* (4.6)	92 (14.9)	0	0	8* (1.3)	0	97 (15.7)	296 (48.0)	147 (23.9)	79 (12.7)	81 (13.1)	265 (42.9)	103 (16.6)	531 (86.0)	618 (100.0)	0	142 (22.9)	618 (100.0)
Public Housing	45 (5.2)	225 (29.6)	6* (0.6)	0	34* (3.9)	0	226 (26.3)	420 (48.8)	252 (29.3)	67 (7.8)	82 (9.5)	418 (48.6)	206 (23.9)	697 (81.0)	0	860 (100.0)	116 (13.5)	860 (100.0)
LIHEAP	80 (5.0)	427 (26.5)	38* (2.4)	5 (0.3)	58 (3.6)	8* (0.5)	405 (25.1)	643 (39.9)	339 (21.1)	194 (12.0)	204 (12.7)	772 (48.0)	260 (16.2)	1,168 (72.6)	142 (8.8)	116 (7.21)	1,610 (100.0)	1,610 (100.0)
Total	364	1,644	199	32*	265	15*	1,483	2,410	1,340	740	738	2,769	897	4,415	618	860	1,610	6,399
Sample (Unweighted)	(4.9)	(25.9)	(3.1)	(0.5)	(4.2)	(0.2)	(23.3)	(37.9)	(21.1)	(11.6)	(11.6)	(43.5)	(14.1)	(69.4)	(9.7)	(13.5)	(13.5)	(100.0)

SOURCE: 1984 SIPP Wave 3, April Extract.

*This figure represents fewer than 10 unweighted households.

The final revision in the set of programs to be considered was prompted by the quality of the data. As noted in U.S. Bureau of the Census (1985a), the underreporting of AFDC income in SIPP has been linked to the misclassification of this income type as GA. Since it is not possible to identify the cases of misclassification, the AFDC and GA programs were combined into a single program category.

Table B.2 present information on the frequency of participation by the FSP households in each of the consolidated program categories.

TABLE B.2

FREQUENCY OF PROGRAM PARTICIPATION
BY FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Program	Percent of Households
Social Insurance Programs	
OASDI	25.9
OSI	8.0
CARE	23.3
Need-Tested Programs	
AFDC+	48.5
SSI	21.1
ONA	49.1
CAID	69.4
EHA	44.2
Total Sample	100.0
Sample Size (Thousands)	6,359

SOURCE: 1984 SIPP Wave 3, April Extract.

Table of Contents

APPENDIX C

VALUATION OF IN-KIND BENEFITS

Measures of the value of in-kind benefits are important for determining the full impact of multiple program participation on household income. Smeeding (1984) has proposed four alternative methods for valuing in-kind benefits:

1. Market value--the private market costs of the goods and services transferred to the recipient

2. Government cost--the total delivery cost (including the administrative costs) of the goods and services transferred to the recipient

3. Social benefit value--the direct and indirect (spillover) value of the goods and services available both to those finance the program (i.e., taxpayers) and to the program recipients

4. Recipient or cash-equivalent value--the cash amount for which the recipients would be willing to trade their right to the in-kind benefit

Recipient value, which reflects the program beneficiary's own valuation of the program benefit, is considered by many economists to be the most appropriate measure for evaluating the impact of in-kind transfers on economic well-being (U.S. Bureau of the Census, 1985b). However, no procedure has been established to use the recipient value method for obtaining accurate measures of in-kind transfers.

Market value is an upper limit on the recipient value measure. If in-kind benefits do not distort household consumption patterns, then recipient value and market value are equivalent. However, if the in-kind benefit adds less to the household's economic well-being than would an equal-dollar cash transfer, the market value of the in-kind benefit is greater than the recipient value. We use the market value approach to value the

Table of Contents

meal by the average number of days of school attendance (165 days in 1984). These figures were then multiplied by the number of children in the household which reported participating in the NSLP and/or SBP to obtain the annual values of the benefits. One-twelfth of the annual values were used as a monthly benefit measure.

We make no attempt to derive a value for the households' benefits from either Medicare or Medicaid, since current research on valuing health care provides insufficient guidance about how the value of Medicare and Medicaid benefits should be determined in this particular context.[3]

Table C.1 presents the mean value of each of the in-kind program benefits for the FSP households. The average value of all of the in-kind benefits combined for the FSP households is about $226.

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[3]See U.S. Bureau of the Census (1986) for a discussion on the difficulties involved in determining the value of benefits from Medicare, Medicaid, and medical care in general.

Table of Contents

TABLE C.1

MEAN VALUE OF IN-KIND PROGRAM BENEFITS FOR ALL FSP HOUSEHOLDS AND FSP HOUSEHOLDS THAT ARE PROGRAM RECIPIENTS, APRIL 1984 (Weighted)

Program	Mean Value for All FSP Households (Dollars)	Mean Value for FSP Households That Are Program Recipients (Dollars)
All In-Kind Programs	226.45	
FSP	119.67	119.67
WIC	7.99	68.92
NSLP	15.47	35.52
SBP	2.55	18.07
Housing Assistance[a]	34.02	146.33
LIHEAP	46.75	184.09
Sample Size (Thousands)	6,359	

SOURCE: 1984 SIPP Wave 3, April Extract.

[a]Subsidized and public housing are imputed to have the same value.

Table of Contents

APPENDIX D

SIMULATION OF TAXES

Addressing questions on the level of benefits received by the household and the household's disposable income requires information on the impact of taxes and tax transfer programs (i.e., the Earned Income Tax Credit (EITC)) on gross income. Since Wave 3 of the 1984 SIPP file does not contain tax information, we have simulated values for the tax-related variables using the available information on income and household characteristics. The household's 1984 federal income and payroll (i.e., FICA) taxes and the value of the EITC are simulated following a procedure developed by Fraker and Moffitt (1985). State and local income taxes are not simulated because of the high cost of implementing such procedures for all of the areas. Consequently, true after-tax income for those households that reside in states and/or localities that have income taxes will be less than the measure derived in this study, all else equal.

The major assumptions underlying the simulation of federal income and payroll taxes are that (1) the entire SIPP household is a single unit for tax purposes, (2) the household's income in April reflects the household's average monthly income for all of 1984, and (3) all earnings were obtained from employment covered by Social Security. The first two assumptions are necessary if a measure of total taxable income for 1984 is to be constructed and the tax variables simulated. The third is necessary because the information in SIPP does not permit identifying covered employment. However, with over 90 percent of the nation's workforce covered by the Social Security system (either voluntarily or mandatorily), this assumption does not appear to be unrealistic. The mean values for April 1984 of the simulated federal income and payroll taxes for FSP households are, respectively, $10.39 and $17.61.

The EITC is calculated for all households with positive earnings, with estimated adjusted gross income for 1984 less than $10,000, and with at least one child age 18 or younger residing in the household. Because the EITC program is intended to increase work incentives and offset federal income and payroll taxes for low-income families with dependents, the EITC is treated as a separate assistance program in the analysis of program benefits. The mean value of the simulated EITC benefits for the FSP households simulated to receive EITC was $4.62 for April 1984.

Table of Contents

APPENDIX E

MULTIPLE PROGRAM PARTICIPATION IN THE NUTRITION ASSISTANCE PROGRAMS

The nutrition assistance programs considered here include the FSP, WIC, the NSLP, and the SBP. Because of the absence of information in the 1984 SIPP Wave 3 file, participation in other nutrition programs (e.g., commodity distributions under the Temporary Emergency Food Assistance Program (TEFAP), other child nutrition programs) could not be considered.

As shown in Table E.1 the majority (57 percent) of the low-income households did not participate in any of the 4 nutrition assistance programs. The low level of program participation implied by this figure is the result of nonparticipation by program-eligible households and the ineligibility of households for the programs. The latter is of particular relevance inasmuch as 3 of the programs--WIC, the NSLP, and the SBP--are targeted toward households with children. Since, as reported in Appendix Table A.1, 54 percent of the low-income households did not have children younger than age 18, many of the low-income households were categorically ineligible for those programs. For those low-income households which did participate in one or more of the nutrition assistance programs, the most frequent program combinations were FSP only, NSLP only, FSP/NSLP, and FSP/NSLP/SBP. These four program combinations represented 85 percent of the low-income households which participated in one or more of the nutrition assistance programs.

The most frequent multiple nutrition assistance program combinations for the FSP households were quite similar to those of the low-income households: FSP only, FSP/NSLP, and FSP/NSLP/SBP. These nutrition assistance program combinations represented 88 percent of the FSP households.

Table of Contents

TABLE E.1

FREQUENCY OF MULTIPLE NUTRITION ASSISTANCE PROGRAM PARTICIPATION BY LOW-INCOME HOUSEHOLDS AND FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentage of households)

	Low-Income Households		
Program Combination	Total	Households in One or More Programs	FSP Households
No Programs	56.8		0
One or More Programs	43.2	100.0	100.0
One Program:	26.5	61.3	50.5
FSP	13.9	32.2	50.5
WIC	0.8	1.8	0
NSLP	11.8	27.3	0
SBP	0	0	0
Two or More Programs	16.7	38.7	49.5
Two Programs:	11.4	26.4	32.2
FSP/WIC	1.8	4.1	6.0
FSP/NSLP	7.7	17.7	26.3
FSP/SBP	0	0	0
WIC/NSLP	0.3	0.8	0
WIC/SBP	0	0	0
NSLP/SBP	1.7	3.9	0
Three or More Programs	5.3	12.3	17.3
Three Programs:	4.5	10.5	14.8
FSP/WIC/NSLP	0.9	2.2	3.2
FSP/WIC/SBP	0	0	0
FSP/NSLP/SBP	3.5	8.1	11.7
WIC/NSLP/SBP	0.1*	0.3*	0
All Four Programs	0.8	1.8	2.5
Total Sample	100.0		100.0
Sample Size (Thousands)	19,707		6,359

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: SBP does not include full-price participants.

*This figure represents fewer than 10 unweighted households.

Table of Contents

APPENDIX F

MULTIPLE PROGRAM PARTICIPATION BY SELECTED FSP HOUSEHOLD SUBGROUPS

Observed patterns of program participation reflect both the household's participation decisions and the categorical eligibility requirements of the programs. Therefore, in addition to considering multiple program participation by all FSP households, it is important to consider differences in the multiple program combinations selected by households that are potentially eligible for different sets of programs. In this appendix, we address the following question:

- Does the set of programs in which the food stamp recipient participates--or the multiple benefit package--vary according to the recipient's demographic characteristics?

This appendix consists of four sections. Section A presents an overview of the findings from the analysis. Section B describes the extent of multiple program participation by the FSP household subgroups. Section C examines their multiple benefit packages and household income. The final section considers the relationship between household income and household need for the subgroups.

A. OVERVIEW OF FINDINGS

Using FSP household subgroups that correspond roughly to populations that are categorically eligible for a diverse set of assistance programs, we found that, as expected, the extent and composition of multiple program participation by the households varied substantially, as did their total benefit packages. Four FSP household subgroups were examined: (1) single-parent female-headed households with children younger than age 18, (2) two-parent households with children younger than age 18, (3) households with an elderly member, and (4) households with a disabled member.

The following characterize the most common multiple program combinations selected by these FSP households:

- The majority of the single-parent female-headed households with dependent children and two-parent households with dependent children participated in a small number of program combinations.
- Overall, the two-parent households tended to participate in fewer programs than did the single-parent female-headed households. This finding is consistent with the limited availability of AFDC-UP for the two-parent households.
- Households with elderly members and households with disabled members were dispersed across a large number of multiple program combinations.

The impact multiple benefit receipt on household circumstances suggests that the extent to which the needs of different households were met by the available assistance programs varied substantially. In particular:

- FSP households with elderly and those with disabled members, while less well off prior to any transfers, were much more likely to move above the poverty threshold after all transfers were counted than were either single-parent female-headed households or two-parent households.
- Conversely, two-parent households with dependent children, while better off prior to any transfers, were more likely than households in any of the other subgroups to remain below 50 percent of the poverty threshold after all transfers were counted. In addition, the percent of the poverty gap filled by the assistance programs for two-parent households was, at 80 percent, the lowest of all the subgroups.

B. MULTIPLE PROGRAM PARTICIPATION

While the Wave 3 SIPP file does not contain the information necessary for fully replicating program eligibility requirements pertaining to the household's income and assets, information on household characteristics can be used to define subgroups of households which are categorically eligible for broad groups of the assistance programs. Since categorical program eligibility can depend on the presence of dependent children, the number of parents present, and the employment, age, and disability status of potential recipients in the household, the set of programs conceivably available to any particular household is likely to be a subset of the programs included in this study. Fraker (1988) explores the set of programs and program benefits that are potentially available to six different types of households in need. In this study, we explore the actual patterns of program participation and benefit receipt for similarly defined household subgroups.[1] However, because small sample sizes have precluded us from replicating the Fraker household groups exactly, we use more broadly defined demographic subgroups[2]:

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[1]Actual program participation and benefit receipt by the households could vary from the potential set of available programs and program benefits for a number of reasons. First, since we are unable to determine eligibility for the programs, the nonparticipating households may in fact be ineligible for the program. Second, households that are eligible for the program may, for a variety of reasons, choose not to participate in the program. Finally, actual benefit levels for some programs (e.g., AFDC, GA, and LIHEAP) vary considerably across the states.

[2]The following households are used by Fraker (1988): (1) a single-parent household with 3 children, (2) a two-parent household with 2 children, (3) a household with a nonelderly, nondisabled individual, (4) a household with an elderly individual, and (5) a household with a disabled individual.

- Single-parent female-headed households with children younger than age 18
- Two-parent households with children younger than age 18
- Households with at least one member who is older than age 60
- Households with at least one disabled member[3]

While these more broadly defined household groups do not correspond as closely as the Fraker households to specific categorically eligible populations, they do approximate some of the larger target populations for the assistance programs.

Table F.1 presents the programs for which each of the FSP household subgroups is likely to be categorically eligible. Since the four household subgroups are not mutually exclusive categories (e.g., single-parent female-headed households with dependent children may also include elderly or disabled members), it is likely that some of the households in each of the subgroups will be categorically eligible for a broader set of assistance programs than are indicated in the table.

The frequency of program participation for the FSP household subgroups is summarized in Table F.2.[4] As shown in the table, single-parent female-headed households with children younger than age 18 and two-parent

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[3]Our definition of disabled member corresponds to the Census definition--an individual who has a physical, mental, or other health condition that limits the type or amount of work that he or she can perform. Under the FSP, a disabled member is defined as an individual who is receiving certain types of assistance (e.g., SSI), the eligibility for which would have already established his or her disability.

[4]Note that the unweighted sample sizes for several of the subgroups were relatively small. Consequently, some of the multiple program combinations contained a very small number of households.

Table of Contents

TABLE F.1

CATEGORICAL PROGRAM ELIGIBILITY FOR SELECTED HOUSEHOLD SUBGROUPS

Program	Single-Parent Female-Headed Households with Children Younger Than 18	Two-Parent Households with Children Younger Than 18	Households with Elderly Members	Households with Disabled Members
Social Insurance Programs				
OASDI			X	X
OSI	X[a]	X[b]	X[c]	X[c]
CARE			X	X
Need-Tested Programs				
AFDC+	X	X[b]		
SSI			X	X
ONA	X	X		
CAID	X	X[b]	X	X
EHA	X	X	X	X

SOURCE: Fraker (1988).

NOTES: The categorical eligibility distinctions of this table assume that each of the above household types is mutually exclusive. To the extent that the household subgroups are not mutually exclusive (e.g., single-parent female-headed households with dependent children may also include elderly members), the categorical eligibility distinctions between the subgroups will be blurred.

[a] UI may be available to those households which exhibited recent employment.

[b] AFDC-UP is available to two-parent households in which the principal earner is unemployed in a limited number of states. Those states may elect to extend Medicaid coverage to those households. In 1984, 23 states and the District of Columbia provided AFDC-UP benefits.

[c] Veterans' Compensation/Pensions and/or Workers' Compensation may be available.

Table of Contents

TABLE F.2

FREQUENCY OF PROGRAM PARTICIPATION
BY SELECTED SUBGROUPS OF FSP HOUSEHOLDS,
APRIL 1984
(Weighted; percentage of households)

Program	Single-Parent Female-Headed Households with Children Younger Than 18	Two-Parent Households with Children Younger Than 18	Households with Elderly Members[a]	Households with Disabled Members[b]
Social Insurance Programs				
OASDI	10.3	12.4	78.5	38.6
OSI	3.8	10.3	10.6	9.6
CARE	5.4	10.0	78.5	35.3
Need-Tested Programs				
AFDC+	76.7	44.0	17.2	38.8
SSI	7.9	7.8	52.6	35.3
ONA	73.3	76.8	16.0	42.1
CAID	82.3	53.3	70.6	71.0
EHA	52.4	34.1	42.7	40.3
Total Sample	100.0	100.0	100.0	100.0
Sample Size (Thousands)	2,688	1,327	1,629	1,980

SOURCE: 1984 SIPP Wave 3, April Extract.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

households with children younger than 18 participated primarily in AFDC+, ONA, CAID, and EHA, while the households with elderly members and households with disabled members generally added OASDI, CARE, and SSI to the group of programs in which they participated.[5] Table F.3 presents the most common multiple program combinations for these FSP household subgroups.

Single-Parent Female-Headed Households. As expected, the most common multiple program combinations in which single-parent female-headed households with children younger than age 18 participated included AFDC+, ONA, CAID, and EHA. The five most common program combinations for these FSP households, consisting solely of various combinations of these programs, represented 70 percent of the subgroup (see Table F.3).

Two-Parent Households. The two-parent households with children younger than age 18 exhibited a somewhat different pattern of multiple program participation. In particular, AFDC+ was a much less important source of assistance among the most common multiple program combinations chosen by these households than was true of the single-parent female-headed households. This difference reflects the limited availability of the AFDC-UP program for two-parent households.[6] With the limited availability of AFDC-UP, a substantial proportion of the most common multiple program combinations for the two-parent households were limited to FSP only or FSP

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[5]Since SIPP does not contain the information necessary for determining whether the households meet all of the eligibility requirements of the programs, it is not possible to determine to what extent the observed levels of program nonparticipation by categorically eligible households were due either to decisions by eligible households not to participate in the programs or to the financial ineligibility of those households for those programs.

[6]In 1984, 23 states and the District of Columbia provided AFDC-UP benefits.

Table of Contents

TABLE F.3

THE MOST COMMON MULTIPLE PROGRAM COMBINATIONS
FOR SELECTED SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Household Subgroup (N = Thousands)	Program Combinations with Greater than 5% of the Subgroup	Percent of Subgroup
Single-Parent Female-Headed Households with Children Younger Than 18 (N = 2,688)	AFDC+/ONA/CAID/EHA	26.5
	AFDC+/ONA/CAID	19.0
	AFDC+/CAID	10.3
	AFDC+/CAID/EHA	8.5
	ONA/EHA	6.5
	Total	70.8
Two-Parent Households with Children Younger Than 18 (N = 1,327)	ONA	22.1
	AFDC+/ONA/CAID	12.8
	AFDC+/ONA/CAID/EHA	11.7
	FSP Only	6.5
	ONA/EHA	6.0
	AFDC+/CAID	5.7
	Total	64.8
Households with Elderly Members[a] (N = 1,629)	OASDI/CARE/SSI/CAID	15.5
	OASDI/CARE/SSI/CAID/EHA	14.5
	OASDI/CARE	9.0
	OASDI/CARE/EHA	5.7
	Total	44.7
Households with Disabled Members[b] (N = 1,980)	AFDC+/ONA/CAID/EHA	8.2
	AFDC+/ONA/CAID	7.7
	OASDI/CARE/SSI/CAID	7.2
	Total	23.1

SOURCE: 1984 SIPP Wave 3, April Extract.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

in conjunction with ONA. These two categories represented 29 percent of the two-parent households, compared with 6 percent of the single-parent female-headed households. Indeed, participation in a large number of assistance programs was much less common for the two-parent households than for the single-parent female-headed households (as shown in Table F.4).

Households with Elderly Members. Not surprisingly, the FSP households with elderly members tended to participate in programs which were targeted toward the elderly. For these FSP households, four program combinations represented 46 percent of the households (see Table F.3). However, because over 50 percent of the FSP households with elderly members participated in multiple program combinations that represented less than 5 percent of the subgroup, it is clear that there was a great deal of dispersion in the program combinations selected by these FSP households.

The great variety of program combinations selected by the FSP households with elderly members would appear to be due in part to the presence of household members who were potentially eligible for programs that are not generally available to the elderly. As shown in Table F.5, FSP households with an elderly member frequently included a member who was disabled[7] and members who were less than age 18. Consequently, it is not surprising that AFDC+ and ONA were among the programs selected by the FSP households with elderly members.

In conjunction with their participation in many different combinations of assistance programs, households with elderly members tended to

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[7] Given the household-level analysis file used in this study, it is not possible to determine whether the elderly and disabled household members were in fact the same individual.

Table of Contents

TABLE F.4

FREQUENCY OF MULTIPLE PROGRAM PARTICIPATION FOR SELECTED SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentage of households)

Program Combination	Single-Parent Female-Headed Households With Children Younger Than 18	Two-Parent Households With Children Younger than 18	Households with Elderly Members[a]	Households with Disabled Members[b]
FSP Only	1.9	6.5	1.0	4.9
FSP and:				
One or More Programs	98.1	93.5	99.0	95.1
One Program	(5.2)	(18.8)	(4.4)	(7.0)
Two or More Programs	92.9	74.7	94.7	88.1
Two Programs	(17.0)	(21.7)	(14.7)	(17.8)
Three or More Programs	75.9	53.0	80.0	70.3
Three Programs	(27.5)	(19.3)	(21.1)	(26.3)
Four or More Programs	48.5	33.8	59.0	44.1
Four Programs	(25.9)	(16.3)	(28.5)	(23.1)
Five or More Programs	22.5	17.5	30.4	20.9
Five Programs	(15.3)	(11.2)	(21.0)	(12.2)
Six or More Programs	7.2	6.3	9.4	8.7
Total Sample	100.0	100.0	100.0	100.0
Sample Size (Thousands)	2,687	1,327	1,629	1,980

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: Multiple program participation is based on all 17 assistance programs.

[a] An elderly individual is a person older than age 60.

[b] A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

Table of Contents

TABLE F.5

SELECTED HOUSEHOLD CHARACTERISTICS
FOR SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentages, except as noted)

Household Characteristics	Single-Parent Female-Headed Households with Children Younger Than 18	Two-Parent Households with Children Younger than 18	Households with Elderly Members[a]	Households with Disabled Members[b]
Household Size (Mean)	3.75	5.16	2.25	3.26
Distribution of Household Members by Age:				
0-5 years	22.9	21.1	6.9	11.7
6-17 years	39.2	30.6	12.0	26.4
18-59 years	36.3	45.0	25.6	47.9
60 years and older	1.6	3.3	55.6	14.1
Nature of Reference Person's Family:				
Headed by husband and wife	0.0	100.0	26.4	37.2
With children younger than 18	(0.0)	(100.0)	(8.1)	(21.8)
Headed by single male	0.0	0.0	12.4	11.6
With children younger than 18	(0.0)	(0.0)	(1.3)	(2.1)
Headed by single female	100.0	0.0	61.2	51.3
With children younger than 18	(100.0)	(0.0)	(9.6)	(25.7)
Sex of Reference Person				
Male	0.0	86.8	35.9	43.4
Female	100.0	13.2	64.1	56.5
Race of Reference Person				
White	52.2	74.0	65.2	62.6
Black	46.3	16.6	32.5	34.1
Other	1.5	9.4	2.3	3.2
Age of Reference Person				
Younger than 35 years	60.8	48.2	2.3	18.1
35 to 59	34.6	45.0	4.8	50.4
60 years and older	4.6	6.8	92.9	31.5
Marital Status of Reference Person				
Married	27.5	100.0	35.0	51.0
Spouse present	(0.0)	(100.0)	(26.4)	(37.2)
Not married	72.5	0.0	65.0	49.0
Reference Person Employed within Month:				
Yes	23.4	43.5	9.3	16.3
No	76.6	56.5	90.7	83.7
Presence of Disabled Person in Household[a]	18.9	32.5	42.5	100.0
Presence of Elderly Person in Household[b]	5.8	9.9	100.0	35.0
Sample Size (Thousands)	2,688	1,327	1,629	1,980

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: SIPP survey procedures require that the first person listed be the person (or one of the persons) in whose name the home is owned or rented. The remaining members of the household are identified in terms of their relationship to this "householder" or reference person.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

Table of Contents

participate in a large number of assistance programs. As shown in Table F.4, approximately 57 percent of the elderly FSP households participated in 4 or more programs in addition to the FSP.

Households with Disabled Members. The multiple program combinations selected by the FSP households with disabled members were even more dispersed than was true of the elderly households. Only 33 percent of the

Table of Contents

TABLE F.6

PERCENTAGE OF TOTAL CASH AND IN-KIND BENEFITS
BY SOURCE OF BENEFIT FOR SELECTED SUBGROUPS
OF FSP HOUSEHOLDS, APRIL 1984
(Weighted; percentages)

Source of Benefits	Single-Parent Female-Headed Households with Children Younger Than 18	Two-Parent Households with Children Younger Than 18	Households with Elderly Members[a]	Households with Disabled Members[b]
Social Insurance Programs	7.4	16.1	51.5	27.6
Need-tested Programs				
Cash Programs	45.7	38.3	26.6	37.9
In-kind Programs				
Total	46.9	45.6	21.9	34.5
Food Stamps	24.4	27.7	9.4	18.1
Total Sample	100.0	100.0	100.0	100.0
Sample Size (Thousands)	2,688	1,327	1,629	1,980

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: Cash value of benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

As expected, given their patterns of program participation, households with elderly members received over 50 percent of their benefits from social insurance programs, while the FSP households with disabled members received about 28 percent from that source. For both subgroups, the remaining benefits were fairly evenly distributed between the cash and in-kind need-tested programs.

Table F.7 presents the impact of these benefit packages on household income. In comparing the magnitude of the benefit packages and household incomes across the subgroups, it is important to note that average household size differed substantially among these subgroups (see Table F.5). In particular, the two-parent FSP households were much larger on average, and the FSP households with elderly members much smaller on average, than the households in the remaining subgroups. Thus, the comparisons of household resources that are possible within the framework of Table F.7 do not control for differences in the needs of households of different sizes. However, our analysis in the next section does adjust for differences in the size of the households within each of these subgroups.

C. HOUSEHOLD INCOME AND HOUSEHOLD NEED

In examining the variation in the impact of the multiple assistance programs on the incomes of the FSP household subgroups, we compare the level of resources that were available to the households with a measure of the household's needs, as we did for the entire sample of FSP households. Table F.8 presents the result of those comparisons.

Although the FSP household subgroups with elderly and disabled members contained a much greater proportion of households which fell below 50 percent of the poverty threshold prior to any transfers, those house-

Table of Contents

TABLE F.7

AVERAGE VALUE OF MONTHLY HOUSEHOLD INCOME
FOR SELECTED SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted; dollars)

Type of Income	Single-Parent Female-Headed Households with Children Younger Than 18	Two-parent Households with Children Younger Than 18	Households with Elderly Members[a]	Households with Disabled Members[b]
Before-Tax Pre-Transfer Income	277.62	534.37	227.73	281.13
Cash Income from Social Insurance Programs	45.03	99.84	292.48	163.67
Cash Income from Need-Tested Programs	277.92	237.89	151.30	224.95
Value of In-Kind Assistance from Need-Tested Programs				
Food Stamps	148.73	171.55	53.42	107.53
Total	285.74	282.73	124.40	204.93
After-Tax Income from All Private, Social Insurance, and Need-Tested Sources	817.20	1,107.96	771.90	846.22
Sample Size (Thousands)	2,688	1,327	1,629	1,980

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: Before-tax pre-transfer income includes all earned and unearned gross cash income from private sources. After-tax pre-transfer income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

TABLE F.8

RELATIONSHIP BETWEEN AFTER-TAX INCOME AND NEED BY SELECTED SUBGROUPS OF FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Household Subgroup	Number of Households (Thousands)	Percent of Households with Pre-Transfer Income to Need Ratio Below .50	Below 1.00	Percent of Households with Pre-Transfer Income to Need Ratio Below .50 Which Moved Above That Level by the Addition of: Social Insurance Income	Need-Tested Cash Income	Need-Tested In-Kind Income	Percent of Households with Pre-Transfer Income to Need Ratio Below 1.00 Which Moved Above That Level by the Addition of: Social Insurance Income	Need-Tested Cash Income	Need-Tested In-Kind Income	Percent of Households with Post-Transfer Income to Need Ratio Below .50	Below 1.00
Single-Parent Female-Headed Households with Children Younger Than 18	2,688	77.6	95.3	6.8	47.4	44.1	1.2	6.7	27.6	1.4	61.5
Two-Parent Households with Children Younger Than 18	1,327	54.6	84.1	13.0	44.0	31.4	4.0	7.2	23.9	6.4	54.6
Households with Elderly Members[a]	1,629	82.9	90.3	68.8	27.9	2.2	15.1	8.3	35.9	0.9	36.8
Households with Disabled Members[b]	1,980	78.3	90.8	34.0	41.8	19.1	7.7	9.5	28.3	4.0	49.5
Total Sample	6,359	73.8	90.2	26.0	40.1	28.7	5.2	6.7	28.6	3.8	53.6

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: Pre-transfer income includes all earned and unearned gross cash income from private sources. After-tax income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

holds fared substantially better than did both the single-parent female-headed FSP households and the two-parent FSP households. After all transfers were counted, 62 percent of the single-parent female-headed households and 55 percent of the two-parent households remained below the poverty level. In contrast, about 49 percent of the FSP households with disabled members and 37 percent of the FSP households with elderly members remained below the poverty threshold.

Within the subgroup of FSP households with elderly members, the social insurance programs had a substantial impact on the proportion of households which were below the need standard. While about 83 percent of the households with an elderly member were below 50 percent of the poverty threshold prior to receiving social insurance benefits, those benefits moved over two-thirds of those households above that level and reduced the percentage below the poverty threshold by 15 percentage points. Further evidence of the importance of the social insurance programs to the FSP households with elderly members is shown by the percentage reduction in the poverty gap. As shown in Table F.9, the social insurance programs alone reduced the poverty gap of the elderly household subgroup by 55 percent.

As noted earlier, the single-parent female-headed households and two-parent households fared less well after all transfers than did than the elderly and disabled households. Comparing the relationship between income and need for the two subgroups of households with children shows that, although a greater proportion of the single-parent female-headed households remained below the poverty threshold after all transfers, the degree of poverty for those households was less severe than for the two-parent FSP households. A greater proportion of the two-parent households remained

Table of Contents

TABLE F.9

PERCENTAGE OF THE POVERTY GAP REDUCED BY SOURCE OF BENEFIT FOR SELECTED FSP HOUSEHOLDS, APRIL 1984
(Weighted)

Household Subgroup	Size of Poverty Gap per Household (Dollars)	Percent Reduced By: Social Insurance Programs	Need-Tested Cash Programs	Need-Tested In-Kind Programs	All Cash and In-Kind Programs
Single-Parent Female-Headed Households with Children Younger Than 18	608.50	6.1	42.8	35.3	84.2
Two-Parent Households with Children Younger Than 18	581.53	12.5	34.8	32.4	79.7
Households with Elderly Members[a]	439.44	54.7	26.5	12.0	93.2
Households with Disabled Members[b]	531.87	25.8	36.2	23.8	85.8
Total Sample	520.33	17.6	36.7	29.5	83.8

SOURCE: 1984 SIPP Wave 3, April Extract.

NOTE: Before-tax pre-transfer income includes all earned and unearned gross cash income from private sources. After-tax pre-transfer income is derived by simulating federal income and payroll (FICA) taxes for each household. Cash values of the benefits from Medicare and Medicaid have not been derived. The value of benefits from EITC have been simulated.

[a]An elderly individual is a person older than age 60.

[b]A disabled individual is a person who has a physical, mental or other health condition that limits the kind or amount of work he or she can do.

below 50 percent of the poverty threshold after all transfers, and the percentage reduction in the poverty gap of the two-parent households was less than the percentage reduction in the poverty gap of the single-parent female-headed households. These findings hold despite the fact that the two-parent households tended to be better off prior to any transfers.

Table of Contents

APPENDIX G

HISTORICAL PATTERNS OF MULTIPLE PROGRAM PARTICIPATION

The sets of assistance programs in which households choose to participate may change over time due to such factors as the introduction of new programs, changes in the rules and regulations of existing programs, changes in economic conditions, and/or changes in the characteristics of the population. The ability to explore the role of these factors in the historical patterns of multiple program participation is limited by the data which are available. No historical data source comparable to SIPP is available in terms of the number of assistance programs considered and the monthly observation period. The two potential data sources for a historical analysis of multiple program participation, the Panel Study of Income Dynamics (PSID) and the Current Population Survey (CPS), provide information on a small number of programs and for annual observation periods. Thus, identifying concurrent periods of participation in multiple assistance program is problematic. Given that both the PSID and CPS can provide only restricted profiles of the historical patterns of multiple program participation, we use the more accessible data source, the CPS, in this analysis.

This historical profile consists of two sections: program participation and multiple program participation.

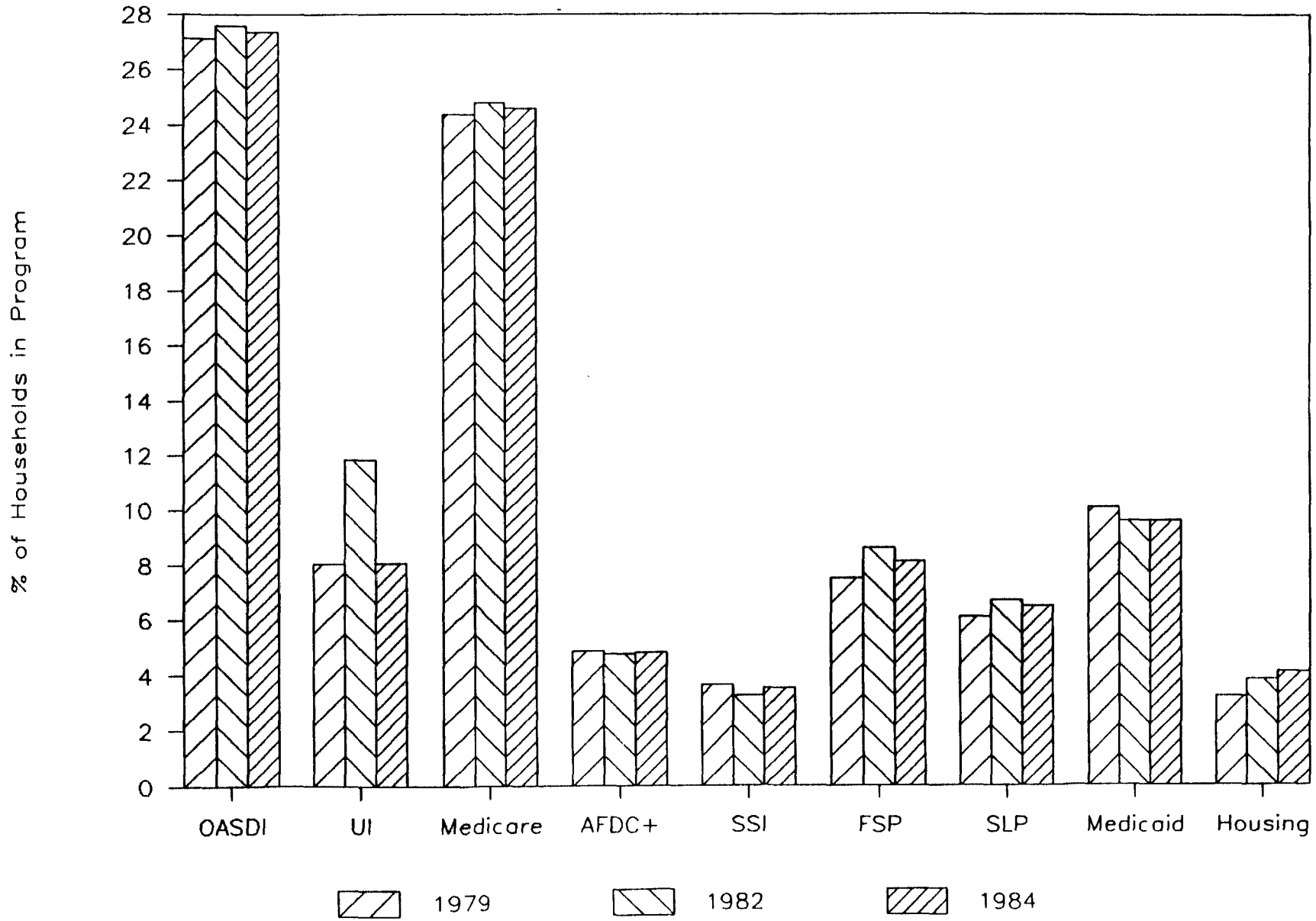
A. PROGRAM PARTICIPATION

The frequency with which households participated in nine programs--OASDI, UI, Medicare, AFDC and other public assistance programs, SSI, the FSP, the NSLP, Medicaid, and housing assistance--remained relatively constant over the five-year period between 1979 and 1984 (see Figure G.1).

FIGURE G.1

FREQUENCY OF PROGRAM PARTICIPATION FOR

ALL HOUSEHOLDS, 1979, 1982, AND 1984



However, an unemployment rate of 10 percent in 1982 led to higher levels of participation in UI during that year. In 1982, the percentage of FSP households that were also participating in UI was 5 points (or almost 50 percent) higher than in 1979 (see Figure G.2).[1]

Other changes over time in the participation patterns of FSP households include a decline in the proportion of OASDI and SSI households and an increase in the number of households which participated in housing assistance programs. The smaller proportion of OASDI and SSI recipients is likely due to the automatic adjustments of benefits from those programs for inflation. Those benefit adjustments protected the elderly from the effects of high unemployment and declining per-capita real GNP between 1979 and 1982. The increase in the number of FSP households which participate in housing assistance can be attributed to the overall growth of the housing assistance programs and the 1981 policy change which targeted that assistance toward households with very low income.

While the program participation patterns of all households and FSP households have been relatively stable over time, the programs in which households below the poverty threshold participate have changed somewhat (see Figure G.3). The proportion of households which participate in OASDI, Medicare, and SSI have declined over time, while participation rates in UI, AFDC and other public assistance, the FSP, the NSLP, Medicaid, and housing assistance have risen. As noted earlier, the period from 1979 to 1982 was

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[1]The 1984 program participation information from the CPS for FSP households is not directly comparable to the earlier SIPP data because (1) the CPS data are based on an annual reference period while SIPP data are monthly, and (2) the nonreporting and underreporting of income receipt (including income from the assistance programs) is greater in the CPS than in SIPP.

FIGURE G.2

FREQUENCY OF PROGRAM PARTICIPATION FOR

HOUSEHOLDS WITH FSP PARTICIPANTS, 1979, 1982, AND 1984

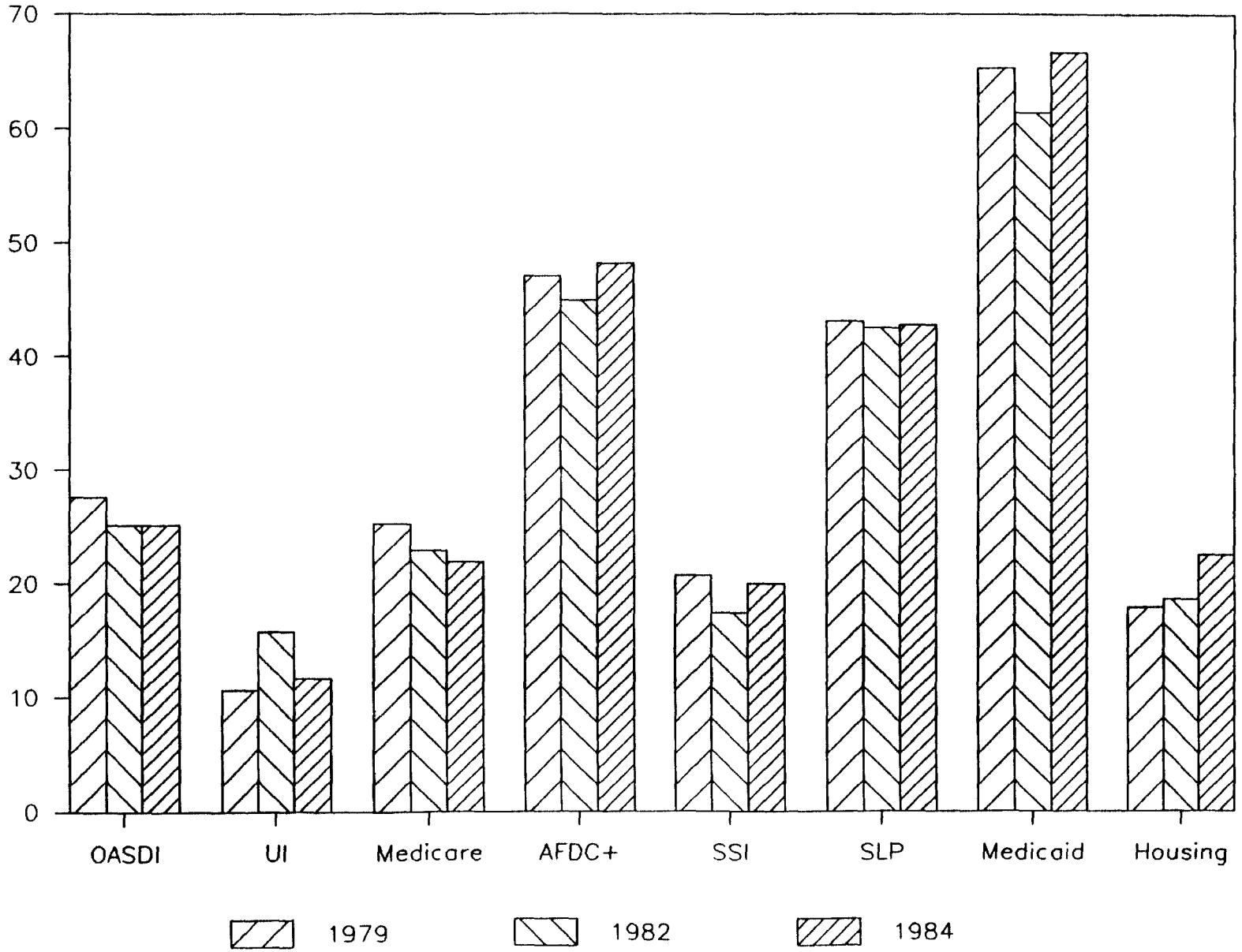
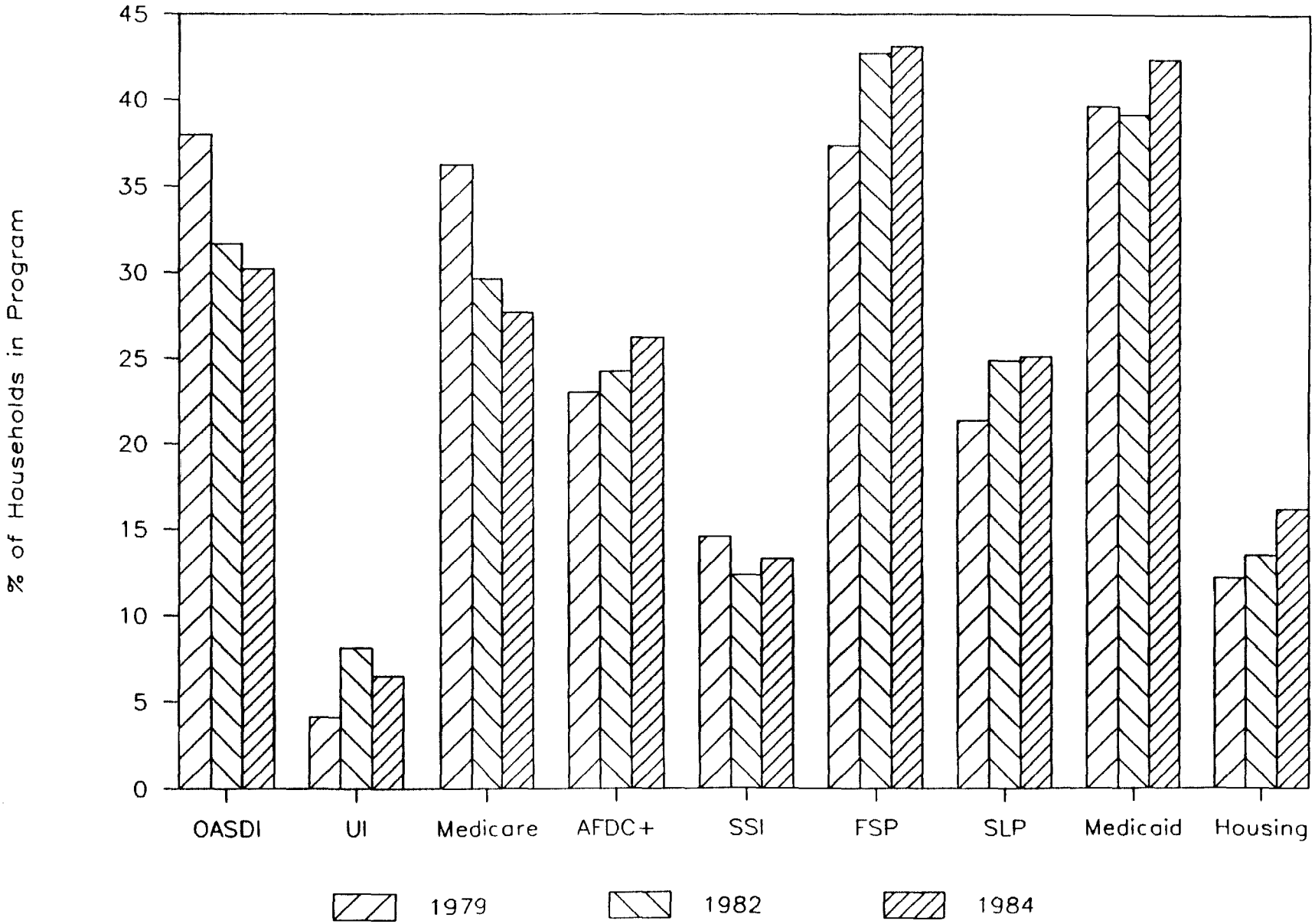


FIGURE G.3

FREQUENCY OF PROGRAM PARTICIPATION FOR

HOUSEHOLDS BELOW POVERTY, 1979, 1982, AND 1984



characterized by high unemployment and inflation, and declining real GNP. The net result of these factors was an increase in the percentage of the population in poverty from 11.6 percent in 1979 to 15 percent in 1982. In 1984, the percentage of the population in poverty was still over 14 percent, although unemployment and inflation were down. Given that households in poverty in 1982 and 1984 were less likely to include elderly households (since OASDI and SSI benefits kept pace with inflation) and were more likely to include single-parent female-headed households (since benefits from AFDC+ declined in real terms, and the number of single-parent female-headed households rose), the decline in the proportion of households which participated in OASDI, Medicare, and SSI, and the increased proportions which participated in UI and the need-tested programs are to be expected.

B. MULTIPLE PROGRAM PARTICIPATION

The CPS information on multiple program participation is quite limited. For cash benefits, data are available from 1975 to 1983[1] on income receipt from OASDI, SSI, "Other" Social Insurance,[2] and AFDC and other public assistance (AFDC+) (see Table G.1). Although the information on multiple income receipt is not particularly detailed, it is possible to calculate the proportion of the recipients of OASDI, SSI, and AFDC+ who receive cash income from sources other than their respective programs, where "other" sources of income include each of the other programs; other

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[1]The data for 1984 will be included in U.S. Bureau of Census publications for 1985.

[2]This category includes UI, Workers' Compensation, and Veterans' Payments.

TABLE G.1

HISTORICAL PROFILE OF MULTIPLE INCOME SOURCES FOR ALL FAMILIES AND FAMILIES WITH INCOME BELOW THE POVERTY LEVEL, 1972-1984
(Percentage)

Program Combination	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
All Families													
Participation in:													
OASDI	20.6	21.3	21.8	22.4	22.3	22.6	23.0	23.0	23.0	23.4	23.3	22.9	23.1
SSI	--	--	N.A.	2.8	2.8	2.8	2.8	2.7	2.7	2.6	2.4	2.6	2.6
Other Social Insurance[a]	16.2	15.2	18.5	19.7	17.7	15.0	14.0	16.2	17.2	16.9	19.2	17.6	14.4
AFDC and Other Public Assistance (AFDC+)	6.7	6.5	7.8	5.8	5.9	6.0	6.0	5.7	5.9	5.9	5.6	5.7	5.7
Participation in:													
OASDI Only				4.3	4.0	4.1	3.6	2.8	2.8	2.9	3.0	2.7	N.A.
SSI Only				0.4	0.4	0.4	0.4	0.3	0.4	0.3	0.3	0.4	N.A.
AFDC+ Only				3.1	3.3	3.5	3.4	2.8	3.0	2.9	3.1	3.1	N.A.
OASDI/SSI/Only[b]				0.5	0.4	0.5	0.5	0.4	0.4	0.5	0.4	0.4	N.A.
SSI/AFDC+/Only[b]				0.2	0.1	0.2	0.1	0.1	0.2	0.1	0.2	0.2	N.A.
OASDI/SSI/AFDC+ Only[b]				0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	N.A.
Other Combinations[c]				19.9	20.1	20.0	21.3	22.5	22.6	23.0	22.6	22.5	N.A.
Families with Income Below Poverty													
Participation in:													
OASDI	25.1	25.6	23.9	23.3	23.3	22.4	22.8	24.4	21.2	20.5	19.7	18.8	18.5
SSI	--	--	--	9.3	9.1	9.6	9.3	10.2	9.5	8.9	7.7	7.5	7.7
Other Social Insurance[a]	8.8	8.9	10.0	13.6	12.6	10.4	8.4	10.7	12.4	13.0	14.0	14.8	11.9
AFDC and Other Public Assistance (AFDC+)	35.8	38.4	40.0	34.7	37.5	37.6	39.3	35.6	36.5	34.4	34.5	35.1	37.4
Participation in:													
OASDI Only				9.4	8.8	9.0	8.3	8.1	7.0	6.7	7.0	6.4	N.A.
SSI Only				1.6	1.6	1.9	1.5	1.8	1.8	1.7	1.2	1.3	N.A.
AFDC+ Only				22.8	25.6	27.0	27.9	23.0	23.1	20.9	22.2	22.4	N.A.
OASDI/SSI Only[b]				2.3	2.4	2.8	2.5	2.8	2.6	2.6	2.2	1.7	N.A.
SSI/AFDC+ Only[b]				1.1	1.1	1.2	1.2	1.0	1.0	0.9	1.0	1.1	N.A.
OASDI/SSI/AFDC+ Only[b]				0.9	0.7	0.7	0.7	0.6	0.5	0.3	0.4	0.5	N.A.
Other Combinations[c]				18.8	18.9	16.5	19.1	22.3	21.4	22.1	20.5	20.4	N.A.
Number of Families (Thousands)	54,373	55,053	55,712	56,245	56,710	57,215	57,804	58,426	60,309	61,019	61,393	61,997	62,706
Number of Families with Income Below Poverty (Thousands)	5,075	4,828	5,109	5,450	5,311	5,311	5,280	5,320	6,217	6,851	7,512	7,641	7,277
Percent of All Families	9.3	8.8	9.2	9.7	9.4	9.3	9.1	9.1	10.3	11.2	12.2	12.3	11.6

SOURCE: U.S. Bureau of the Census, "Characteristics of the Population Below the Poverty Level," various years.

[a]Includes Unemployment Compensation, Workers' Compensation, and Veterans' Payments. Prior to 1975, also includes government employee pensions.

[b]Includes only families with no income from earnings.

[c]Includes combinations which incorporate "other income," where "other income" includes other social insurance; dividends, interest, and rent; private pensions; government employee pensions; and alimony and annuities.

social insurance; dividends, interests, and rent; and government and private pensions. As illustrated in Figure G.4, there does not appear to have been any significant changes in the receipt of income from multiple sources by all families in each of the programs. However, it does appear that there have been slight increases in the receipt of income from multiple sources for the families below poverty which participated in OASDI and AFDC+. It is not possible to determine whether the income sources being added are program income or income from other sources.

The more recent data available on the receipt of noncash benefits facilitate a clearer examination of multiple program participation in four programs--the FSP, the NSLP, housing assistance, and Medicaid. Table G.2 presents these program participation data for all households and households below poverty. The extent of program participation and multiple program participation in the four programs by all households did not change between 1979 and 1984. For households below poverty, their participation in any of the four programs increased slightly from 56 percent of the households in 1979 to 60 percent in 1984. The increased program participation occurred in the program combinations which encompassed three or more of the four programs.

The data on program participation and the limited data on multiple program participation suggest that there has been little change for all households and families and only small changes for all households in poverty in terms of the degree to which those households participate in multiple assistance programs. This is consistent with the findings of Weinberg's (1986) comparison of multiple program participation between 1979 and 1984 based on the ISDP and SIPP. In that study, which considered a

Table of Contents

TABLE G.2

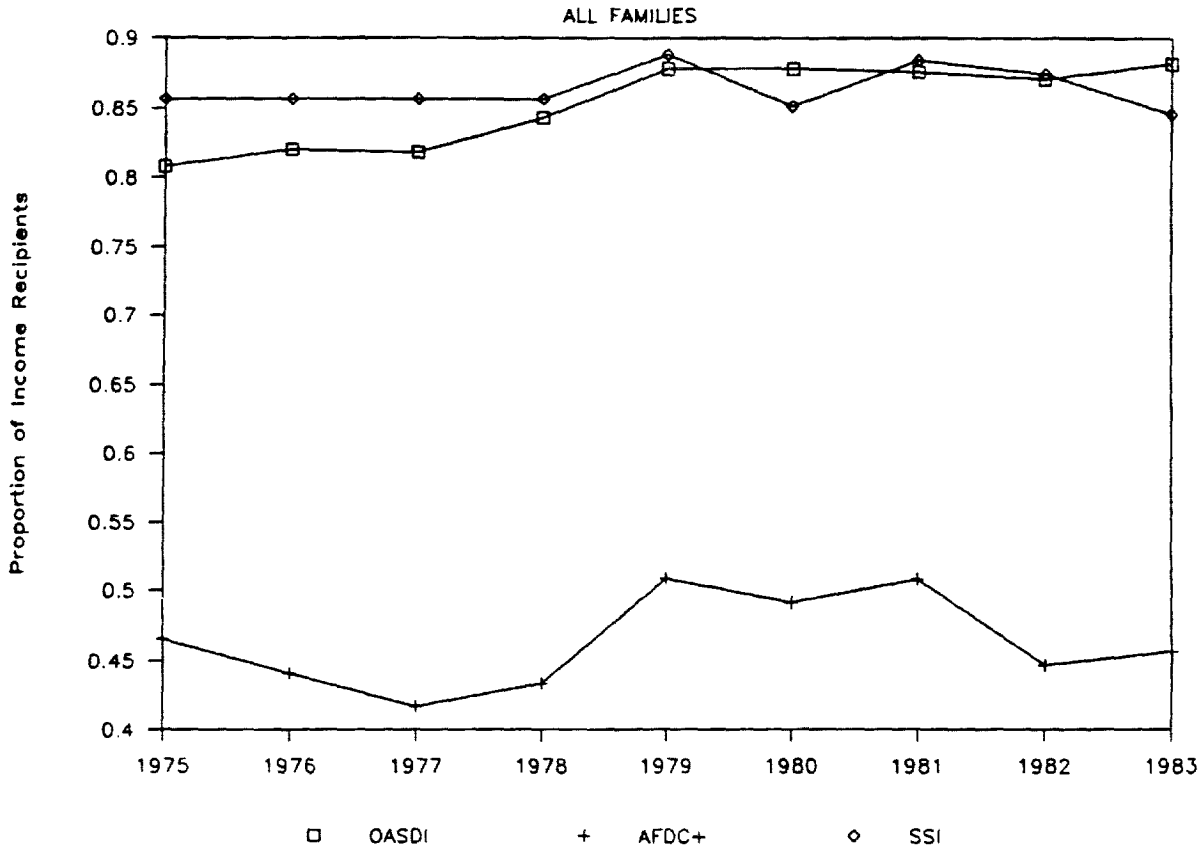
HISTORICAL PROFILE OF MULTIPLE PROGRAM PARTICIPATION BY ALL HOUSEHOLDS AND HOUSEHOLDS WITH INCOME BELOW THE POVERTY LEVEL, 1979-1984
(Percentage)

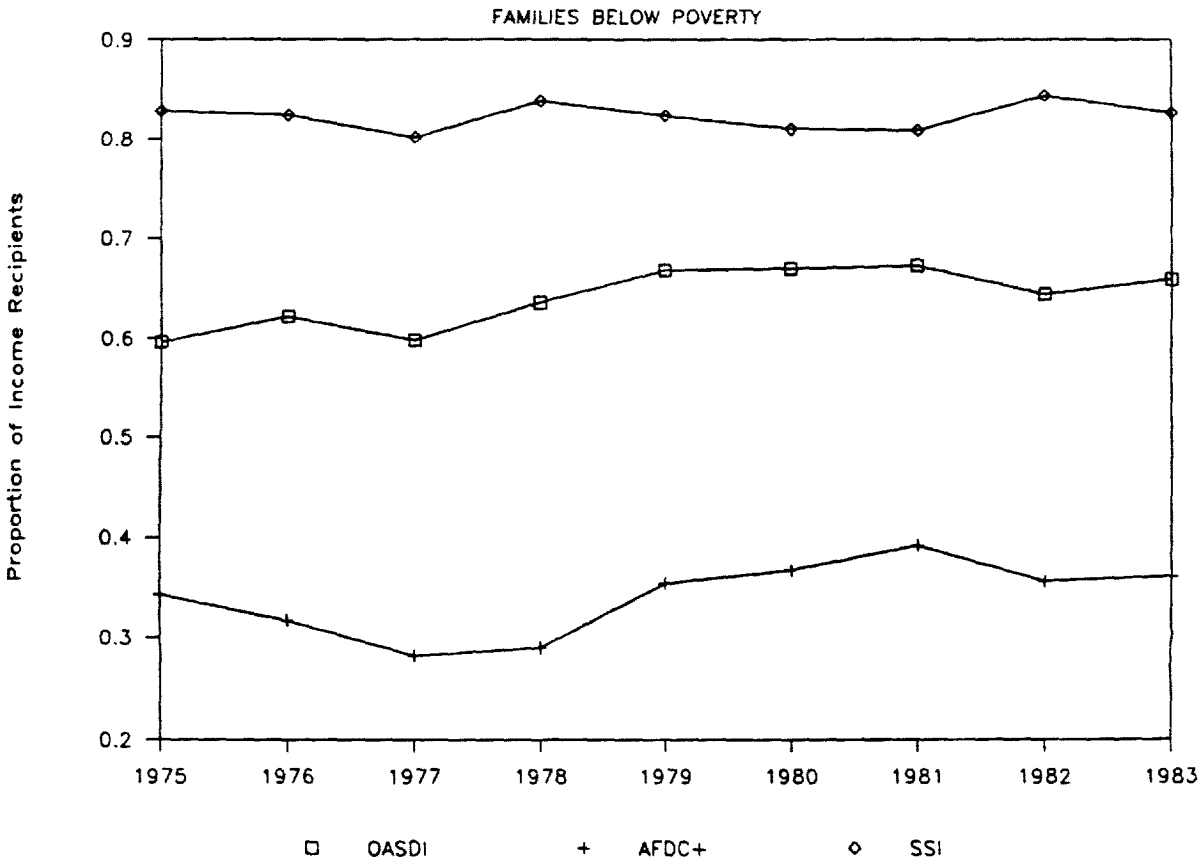
Program Combination	1979	1980	1981	1982	1983	1984
All Households						
Participation in:						
FSP	7.5	8.2	8.5	8.6	8.4	8.1
NSLP	6.1	6.7	6.4	6.7	6.6	6.5
Housing Assistance (HA)	3.2	3.4	3.4	3.8	3.8	4.1
Medicaid	10.1	10.1	10.2	9.6	9.5	9.6
Participation in:						
None of the Programs	83.2	82.7	82.6	82.6	83.0	83.2
One Program	10.0	9.8	9.9	9.9	9.4	9.2
FSP	1.6	1.7	2.0	2.0	1.8	1.6
NSLP	2.7	2.8	2.6	2.7	2.7	2.7
HA	1.3	1.3	1.4	1.6	1.5	1.6
Medicaid	4.4	3.9	4.0	3.6	3.4	3.3
Two Programs	4.2	4.5	4.5	4.5	4.4	4.4
FSP/NSLP	0.7	0.9	0.8	1.0	0.8	0.8
FSP/HA	0.2	0.2	0.2	0.2	0.2	0.2
FSP/Medicaid	2.4	2.5	2.6	2.4	2.4	2.4
NSLP/HA	0.1	0.2	0.2	0.2	0.2	0.2
NSLP/Medicaid	0.4	0.4	0.5	0.4	0.4	0.4
HA/Medicaid	0.3	0.4	0.3	0.4	0.4	0.4
Three Programs	2.2	2.4	2.5	2.5	2.6	2.6
FSP/NSLP/HA	0.1	0.1	0.1	0.2	0.1	0.2
FSP/NSLP/Medicaid	1.5	1.7	1.7	1.7	1.7	1.6
FSP/HA/Medicaid	0.6	0.6	0.6	0.7	0.7	0.8
NSLP/HA/Medicaid	0.0	0.1	0.1	0.0	0.1	0.0
All Four Programs	0.5	0.6	0.6	0.6	0.6	0.7
Households with Income Below Poverty						
Participation in:						
FSP	37.4	40.4	41.1	42.7	41.5	43.1
NSLP	21.4	22.9	22.7	24.9	23.9	25.1
HA	12.2	13.0	12.9	13.5	13.6	16.2
Medicaid	39.7	40.3	39.5	39.2	39.7	42.4
Participation in:						
None of the Programs	43.9	42.0	41.5	40.2	41.1	40.0
One Program	20.8	20.6	21.5	21.2	21.2	20.2
FSP	5.1	5.9	7.1	7.1	6.8	5.8
NSLP	3.8	3.7	4.0	4.7	4.6	4.5
HA	2.5	2.4	2.5	2.4	2.8	2.5
Medicaid	9.4	8.5	7.9	7.1	7.6	7.5
Two Programs	19.4	19.9	19.9	20.4	19.4	20.4
FSP/NSLP	3.4	3.7	3.5	4.3	3.4	3.2

Table of Contents

FIGURE G.4

MULTIPLE INCOME SOURCES, 1975–1983





broad group of assistance programs, program participation or multiple program participation differed little across the period for all families and unrelated individuals and only slightly for families and unrelated individuals below poverty.